



City Council Regular Meeting Agenda

Refer to the bottom of the agenda for meeting information.

Tuesday, February 17, 2026

6:00 PM

Council Chambers and Online

1. Call to Order

2. Roll Call

3. Pledge of Allegiance

4. Land Acknowledgement

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.

5. Approval of Agenda and Consent Agenda Items

A. January 13, 2026, Worksession Minutes

B. Approval of claims, wages, and transfers for January 12 through February 6, 2026

6. Public Recognitions and Presentations

A. Lacey Youth Council Report

Sadie Siglin, Management Analyst

B. TOGETHER! Grant Award Update

Meghan Sullivan, Deputy Director, TOGETHER!

C. Neighborhood Grant Program Overview

Jenny Bauersfeld, Communications Specialist

7. Proclamations

A. Cancer Prevention Month

Nichole Woolsey, Senior Development Manager, American Cancer Society

B. Keep Washington Working Act

Megan Matthews, Washington State Office of Equity

8. Public Comment

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

9. Mayor's Report

- A. **Planning Commission Appointment: Allen Acosta and Aaron Dumas**
Andy Ryder, Mayor
- B. **Human Services Commission Appointment: John Grausam**
Andy Ryder, Mayor
- C. **Library Board Appointment: Jade Sierra and Pat Taviss**
Andy Ryder, Mayor

10. City Manager's Report

11. Council Reports

- A. Mayor Andy Ryder:
 - 1. Mayors' Forum
 - 2. Thurston Chamber Shared Legislative Committee
 - 3. Transportation Policy Board (TPB)
- B. Deputy Mayor Malcolm Miller:
 - 1. Economic Development Council (EDC)
 - 2. Lodging Tax Advisory Committee (LTAC)
 - 3. Thurston County Coalition Against Trafficking (TCCAT)
 - 4. Joint Animal Services Commission (JASCOM)
- C. Councilmember Lenny Greenstein:
 - 1. Emergency Medical Services (EMS)
 - 2. TCOMM911
 - 3. Opioid Abatement Council Independent Subcommittee
- D. Councilmember Carolyn Cox:
 - 1. LOTT Clean Water Alliance
 - 2. Intercity Transit Authority
- E. Councilmember Nicolas Dunning:
 - 1. Thurston Thrives
 - 2. Regional Housing Council
 - 3. Olympia-Lacey-Tumwater Visitor & Convention Bureau (VCB)
 - 4. Law Enforcement Officers and Fire Fighters Plan 1 Disability Board (LEOFF-1)
- F. Councilmember Maren Turner:
 - 1. Thurston Regional Planning Council (TRPC)
 - 2. Thurston County Law & Justice Council
 - 3. Nisqually River Council

G. Councilmember Ryan Siu:

1. Thurston Climate Mitigation Collaborative
2. Olympic Region Clean Air Agency (ORCAA)
3. Solid Waste Advisory Committee (SWAC)

12. Worksession

A. **2026 Commission on Equity Work Plan**

Shannon Kelley-Fong, Assistant City Manager

B. **Fourth Quarter Investment Report**

Troy Woo, Finance Director

C. **Economic Development Work Program**

Vanessa Dolbee, Community and Economic Development Director

Sarah Schelling, Current Planning Economic Development Manager

13. Adjourn

Attendance and Public Comment

Attend 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_8E2Jwz5vS1eWzZut-M3FAA
Website:	https://cityoflacey.org/government/public-meetings/
Facebook:	https://www.facebook.com/cityoflacey
YouTube:	https://www.youtube.com/watch?v=eGJHNAiCWQU
Cable:	Channel 77 with your local cable provider
Phone:	(888) 788-0099 or (877) 853-5247 (Webinar ID 845 6685 1484)

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_8E2Jwz5vS1eWzZut-M3FAA

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. 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.



Lacey City Council Worksession Minutes

Tuesday, January 13, 2026

Council Chambers and Online

1. Call to Order

Deputy Mayor Miller called the meeting to order at 6 p.m.

2. Roll Call

Council Present

Deputy Mayor Malcolm Miller
Councilmember Lenny Greenstein
Councilmember Carolyn Cox (remote)
Councilmember Nicolas Dunning (remote)
Councilmember Maren Turner
Councilmember Ryan Siu

Council Excused

Mayor Andy Ryder

Staff Present

Rick Walk, City Manager
Shannon Kelley-Fong, Assistant City Manager
Dave Schneider, City Attorney
Brandy Legomina, Deputy City Clerk

3. Land Acknowledgement

Deputy Mayor Miller presented the abbreviated Land Acknowledgement.

4. Approval of the Agenda

Councilmember Greenstein moved to approve the agenda. Councilmember Dunning seconded. The motion carried.

5. Public Comment

No public comment was received.

6. Agenda Items

A. Fire District 3 Presentation

Jennifer Schmidt, Fire Chief

Michael Cerovski, Deputy Chief of Administration

Jason Roberts, Assistant Chief - Community Risk Reduction

Schmidt, Cerovski, and Roberts presented an overview of the Community Risk Reduction Division, which works with businesses and building owners through regular inspections to support the district's response readiness. The program provides third-party assessments of inspection and inspection performance to help improve the district's Washington Survey and Ratings Bureau (WSRB) public protection classification, contributing to lower insurance rates. A five-year analysis of commercial fire structure and content losses identified trends showing where fire damage was most severe. The presentation highlighted the hidden costs of fire to businesses, the community, and local government. The district's fee schedule was reviewed, noting that rates are reevaluated every three years in accordance with RCW 19.27.110 and adjusted for inflation. Discussion followed.

B. Gambling Tax Discussion

Rick Walk, City Manager

Shannon Kelley-Fong, Assistant City Manager

Kelley-Fong presented a potential revenue source through a gambling tax. This presentation reviewed prior revenue enhancement strategies, current social card game tax rates, social card games prohibition, and punchboard or pull-tab tax rates. The City currently imposes a 7.5% tax on social card games, though the State allows a rate of up to 20%. The City's punchboard or pull-tab tax rate is 4%, with the State authorizing a maximum of 10%. Various alternatives were discussed, and an Ordinance is expected for Council review at a future date.

C. Intergovernmental Board and Commission Assignments

Mayor Andy Ryder

The Council reviews its appointments to intergovernmental boards and commissions every two years. Discussion ensued and appointments will be made at a future date.

D. 2026 Councilmember Travel

Rick Walk, City Manager

Walk reviewed the Council Policies and Procedures related to travel. Discussion ensued regarding limiting out-of-state travel to essential conferences only.

7. Adjourn

Deputy Mayor Miller adjourned the meeting at 7:38 p.m.

DRAFT



STAFF REPORT

Council Regular Meeting
February 17, 2026

Subject: Disbursement Approval
To: Lacey City Council
Prepared by: Carrie Bode, Accounting Technician
Department Director: Troy Woo, Finance Director
Reviewed By: Troy Woo, Finance Director
Final Review: Same as Department Director

tw

Purpose: Action Item

Recommendation: Motion to Approve

Brief: The action requested of the City Council is by motion to approve payment of claims, wages and transfers for 1/12/2026 through 2/6/2026. The disbursements consist of the items below.

Alternatives:

Not Applicable

Prior Review:

Not Applicable

Advisory Board Recommendation(s):

Not Applicable

Fiscal Impact:

Budgeted Item: No

Disbursements consist of the following:

Checks:

<u>Week of</u>	<u>Beg. Check No.</u>	<u>End. Check No.</u>	<u>Amount</u>
1/13/2026*	282848	282848	3,213.52
1/16/2026	282849	282926	389,223.90
1/23/2026	282927	282986	854,649.83
1/30/2026	282987	283069	640,655.10
1/30/2026	283070	283070	16,439.42
1/30/2026*	283071	283075	9,911.61
2/6/2026	283076	283132	2,088,594.26

*Disbursements for employee out-of-pocket deductions and employee benefits.

Electronic Transfers:

<u>Week of</u>	<u>Amount</u>
1/12/2026	30.00
1/13/2026	432.00
1/15/2026	250.95
1/16/2026	429,611.56
1/19/2026*	2,886.70
1/23/2026	2,219,775.60
1/26/2026	81,490.38
1/26/2026	481.97
1/26/2026	183.87
1/27/2026	315.00
1/27/2026	1,703.59
1/29/2026	60,218.73
1/30/2026	482,184.64
1/30/2026*	21,810.02
1/30/2026*	2,049,660.76
1/30/2026*	443,513.19
2/1/2026	104,947.20
2/2/2026	2,482.26
2/3/2026	4,998.27
2/3/2026	131.10
2/4/2026	145,670.27
2/6/2026	188,852.87

Payroll:

<u>Month End</u>	<u>Wages</u>
1/30/2026*	2,360,457.77

*Disbursements for employee out-of-pocket deductions and employee benefits.



Significant Disbursements:

<u>Vendor</u>	<u>Amount</u>	<u>Description</u>
C Denney Construction	60,539.55	Ruddell Rd. Pedestrian Crossing
Nisqually Indian Tribe	82,857.71	December 2025 Inmate Support
Southwest Solutions Group	135,193.97	Property Storage System
Thurston County District Court	50,773.00	October 2025 Violations
Thurston County Public Health	80,679.02	2026 HSF Contribution
Active Construction, Inc.	197,535.05	College St. NE Extension
AWC	90,298.00	2026 Drug & Alcohol Consortium & Worker's Comp Retro
Emergency Vehicle Solutions	125,425.44	Outfit Patrol Vehicles (Quantity 4)
Forma Construction Company	1,104,010.15	New Police Station
H D Fowler	79,645.01	Irrigation Clock Replacement
Heritage Bank	52,573.26	Forma Construction Retention
Holt Services, Inc.	91,635.15	Meridian Campus Production Well
Holt Services, Inc.	180,339.99	Marvin Rd. Production Well
Nisqually Indian Tribe	77,297.70	November 2025 Inmate Support
Prospect Construction, Inc.	312,254.65	Lift Station 3 Replacement
Puget Sound Energy, Inc.	262,907.95	Utility Bills
Thurs. Economic Development	200,000.00	Lacey MakerSpace Operations
US Bank	81,490.38	Employee Credit Card Charges
Olympia-CARPFD	60,218.73	January 2026 CARPFD
Aclara Technologies, LLC	91,544.39	AclaraONE Maintenance
AWC	50,406.00	2026 AWC City Membership
Day Wireless Systems	51,052.28	NLPS PW 2022-13 Lacey Police Dept.
North Thurston Public Schools	73,971.90	NTSD Pool Contract
Olympic Region Clean Air Agency	58,885.38	2026 Per Capita Assessment
OSW Equipment & Repair, LLC	104,116.63	Body/New Dump Truck Chassis
Southwest Solutions Group	111,948.33	Shelving Units
Thurston County Auditor	50,121.54	General Election Services
Thurston County Auditor	78,555.05	Voter Registration Bill
Thurston County Public Works	103,119.34	Marvin Rd. Upgrade
Washington Federal	104,947.20	Debt Service Principal & Interest
Department of Revenue	145,670.27	January 2026 Excise Taxes
LOTT Wastewater Alliance	527,512.55	January 2026 Reserve Capacity
LOTT Wastewater Alliance	1,461,098.07	January 2026 ERU's



CITY OF LACEY

Official Proclamation

WHEREAS, cancer is a leading cause of death in the United States and the state of Washington, affecting individuals, families, and communities; and

WHEREAS, according to the Washington State Department of Health, approximately 42,000 residents are diagnosed with cancer each year, and more than 12,000 lives are lost annually to this disease; and

WHEREAS, prevention plays a critical role in reducing cancer incidence, and studies show that up to 50% of cancers can be prevented through healthy lifestyle choices, including a nutritious diet, regular physical activity, avoidance of tobacco, and limited alcohol consumption; and

WHEREAS, regular screenings and early detection significantly improve cancer survival rates, yet many individuals face barriers to accessing essential healthcare services, highlighting the need for increased awareness and accessibility; and

WHEREAS, the City of Lacey supports community initiatives that promote cancer prevention, early detection, and access to quality treatment, as well as organizations working to advance cancer research and patient care; and

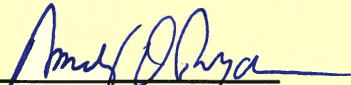
WHEREAS, National Cancer Prevention Month serves as an opportunity to educate the public, encourage healthy behaviors, and advocate for policies that support cancer prevention and equitable healthcare access for all; and

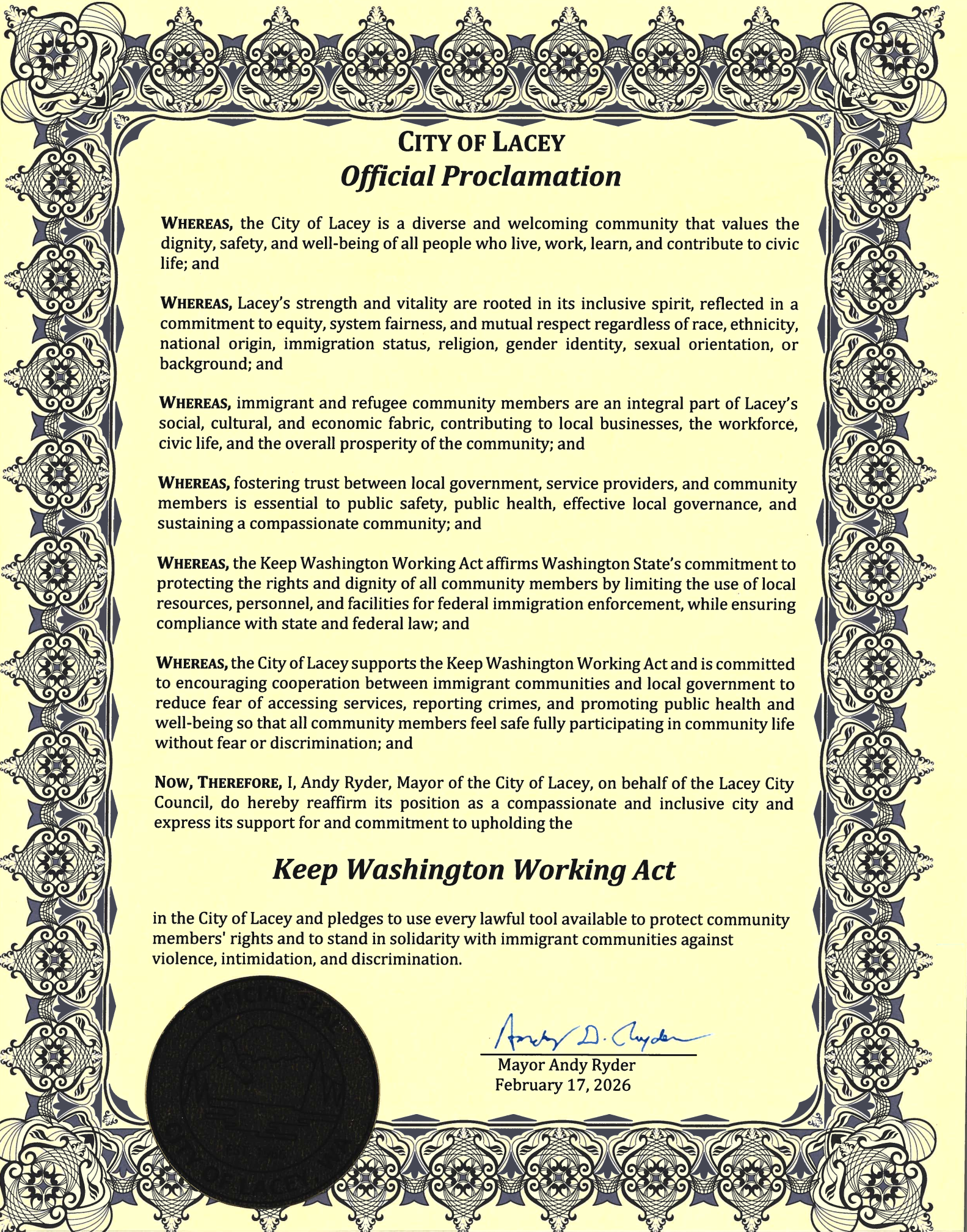
NOW, THEREFORE, I, Andy Ryder, Mayor of the City of Lacey, on behalf of the Lacey City Council, do hereby proclaim February 2026 as

Cancer Prevention Month

in the City of Lacey and encourage community members to take proactive steps to prevent cancer, support those affected, and promote a healthier future for our community.




Mayor Andy Ryder
February 17, 2026



CITY OF LACEY

Official Proclamation

WHEREAS, the City of Lacey is a diverse and welcoming community that values the dignity, safety, and well-being of all people who live, work, learn, and contribute to civic life; and

WHEREAS, Lacey's strength and vitality are rooted in its inclusive spirit, reflected in a commitment to equity, system fairness, and mutual respect regardless of race, ethnicity, national origin, immigration status, religion, gender identity, sexual orientation, or background; and

WHEREAS, immigrant and refugee community members are an integral part of Lacey's social, cultural, and economic fabric, contributing to local businesses, the workforce, civic life, and the overall prosperity of the community; and

WHEREAS, fostering trust between local government, service providers, and community members is essential to public safety, public health, effective local governance, and sustaining a compassionate community; and

WHEREAS, the Keep Washington Working Act affirms Washington State's commitment to protecting the rights and dignity of all community members by limiting the use of local resources, personnel, and facilities for federal immigration enforcement, while ensuring compliance with state and federal law; and

WHEREAS, the City of Lacey supports the Keep Washington Working Act and is committed to encouraging cooperation between immigrant communities and local government to reduce fear of accessing services, reporting crimes, and promoting public health and well-being so that all community members feel safe fully participating in community life without fear or discrimination; and

NOW, THEREFORE, I, Andy Ryder, Mayor of the City of Lacey, on behalf of the Lacey City Council, do hereby reaffirm its position as a compassionate and inclusive city and express its support for and commitment to upholding the

Keep Washington Working Act

in the City of Lacey and pledges to use every lawful tool available to protect community members' rights and to stand in solidarity with immigrant communities against violence, intimidation, and discrimination.



Mayor Andy Ryder
February 17, 2026



STAFF REPORT

Council Regular Meeting
February 17, 2026

Subject: Planning Commission Appointments
To: Lacey City Council
Prepared by: Elissa Fontaine, City Clerk
Department Director: Shannon Kelley-Fong, Assistant City Manager
Reviewed By: Not Applicable
Final Review: Rick Walk, City Manager

SKF

RW

Purpose: Action Item

Recommendation: Motion to Approve the appointment of Allen Acosta and Aaron Dumas to the Planning Commission

Brief: Two vacancies were created on the Planning Commission when commissioners fulfilled their terms. The recruitment was posted and applicants were invited to interview. Six (6) interviews were conducted with Mayor Ryder, Chair Jeff Gadman, and Ryan Andrews, Community Planning Manager.

Alternatives:

1. Approve the appointments as recommended.
2. Do not approve the appointments.
3. Some other option not contemplated in the above.

Prior Review:

Not Applicable

Advisory Board Recommendation(s):

Not Applicable

Fiscal Impact:

Budgeted Item: No

Amount: N/A

Project Code: N/A

Funding Source: N/A

Attachments:

1. Application for Allen Acosta
2. Application for Aaron Dumas

Policy or Legal Alignment:

1. [Lacey Municipal Code \(LMC\) 2.32.010](#)

Background: Pursuant to [LMC 2.32.010](#), the City's Planning Commission is composed of nine (9) members appointed by the Mayor, subject to confirmation by the City Council. At least seven members must be residents of the City of Lacey, while up to two (2) members may reside either within the City or within Lacey's Urban Growth Area (UGA). Commissioners serve three-year terms and may serve no more than two full terms.

Two (2) vacancies were created following the completion of terms by previous commissioners. The City conducted a recruitment process to fill the following vacancies on the Planning Commission:

- A first term, expiring January 2, 2029. Applicants for this vacancy must reside within the City of Lacey, or Urban Growth Area.
- A first term, expiring January 2, 2029. Applicants for this vacancy must reside within the City of Lacey.

A total of seven (7) applications were received; however, one (1) applicant was deemed ineligible due to residency requirements. The six (6) eligible applicants were interviewed and the recommendations for appointment is outlined in **Table A**.

Table A	
Name	Designation
Allen Acosta (City)	Appoint to a first full term, expiring January 2, 2029
Aaron Dumas (City)	Appoint to a first full term, expiring January 2, 2029



Application for Appointment to Lacey City Council Boards & Commissions

Please Note: Applicant entries are not modified or edited.

DATE OF APPLICATION:	12/10/25		
APPLICATION FOR:	Planning Commission		
APPLICANT:	Allen	D	Acosta
ADDRESS:			
EMAIL:			

Home Phone Number:	
Cell Phone Number:	
Work Phone Number:	

Do you live within the City Limits or the Urban Growth Area?
City of Lacey
How long have you been a resident?
19yrs
What is your interest/objective in serving on this Board or Commission?
Effective local policy that provides better outcomes for current and future residents. Best policy forward working with City, County, State, Builders and Real Estate industry.
What is your education?
B.S. Public Safety Admin. and Transportation and Logistics with University certifications in area of Emergency Management, Incident Command and Business.

Do you have other civic obligations and/or memberships in professional organizations?
Veteran of Foreign Wars, Military Officers Association. of America, Military Order of Purple Heart, Veterans Legislative Coalition



Application for Appointment to Lacey City Council Boards & Commissions

Please Note: Applicant entries are not modified or edited.

What previous experience do you have serving on a board, committee, or commission?
Veterans Committee
Approximately how many hours each month can you volunteer for this appointment?
20 hrs a month
Briefly describe any special knowledge, skills, or experience that qualifies you for this appointment?
I have been an owner and landlord for multiple houses in City of Lacey. I have worked with Builders Association. Worked project management on Federal level with large budgets.
Where are you currently employed?
US Army Retired Officer
Briefly explain why you would like to serve on a Council Board or Commission.
Want to work with the City of Lacey, a community that I love.



Application for Appointment to Lacey City Council Boards & Commissions

Please Note: Applicant entries are not modified or edited.

DATE OF APPLICATION:	12/12/25		
APPLICATION FOR:	Planning Commission		
APPLICANT:	Aaron		Dumas
ADDRESS:			
EMAIL:			

Home Phone Number:	
Cell Phone Number:	
Work Phone Number:	

Do you live within the City Limits or the Urban Growth Area?
City of Lacey
How long have you been a resident?
5 years
What is your interest/objective in serving on this Board or Commission?
I am interested in helping to develop the long-range plans and goals for the City of Lacey. As a resident for the past five years, and my intention to raise my child here, I have seen many areas where the City can improve city planning to create a more sustainable, accessible, and affordable community for all resident of Lacey. I would like to help inform the important decisions and recommendations that the City Council will consider and implement.
What is your education?
4-year university: BA in Economics

Do you have other civic obligations and/or memberships in professional organizations?
None



Application for Appointment to Lacey City Council Boards & Commissions

Please Note: Applicant entries are not modified or edited.

What previous experience do you have serving on a board, committee, or commission?
Pierce Transit Community Transportation Advisory Group January 2018 to January 2020
Approximately how many hours each month can you volunteer for this appointment?
10-20
Briefly describe any special knowledge, skills, or experience that qualifies you for this appointment?
In my role as a Program Manager for the Washington State Department of Commerce, I have extensive experience with designing and implementing large, complex programs that serve diverse communities. This requires communicating with subject matter experts, stakeholders and partners, and the communities that will actually be impacted in order to create a program that is as inclusive and impactful as possible. As a LEED Accredited Professional, I have taken extensive courses and advanced my knowledge of sustainable and resilient community design and planning. This includes knowledge of the necessary strategies and steps necessary to get community buy-in and support, data and metrics to consider when analyzing policy options, and the types of measures to implement to achieve specific sustainability, accessibility, and affordability goals.
Where are you currently employed?
Program Manager, Washington State Department of Commerce, June 2020 to Present; Supervisor: Tanya Beavers, (360) 725-3071
Briefly explain why you would like to serve on a Council Board or Commission.
I would like to serve on the Lacey Planning Commission, because I would like to contribute to making the City a place that current and future residents can live comfortably. I would like to see the City become an example of sustainability, accessibility, and affordability in our region. These actions start with the recommendations from the Planning Commission to the City Council, and I think I can bring a diverse perspective and knowledge to contribute to the long-range plans and policies that make Lacey safe, inclusive, and resilient.



STAFF REPORT

Council Regular Meeting
February 17, 2026

Subject: Human Services Commission Appointment
To: Lacey City Council
Prepared by: Elissa Fontaine, City Clerk
Department Director: Shannon Kelley-Fong, Assistant City Manager
Reviewed By: Not Applicable
Final Review: Rick Walk, City Manager

SKF

RW

Purpose: Action Item

Recommendation: Motion to Approve the appointment of John Grausam to the Human Services Commission.

Brief: A vacancy was created on the Human Services Commission when a commissioner resigned. The recruitment was posted and applicants were invited to interview. Four (4) applicants were considered, with interviews conducted by Mayor Ryder, Chair Brandon Stephens, and Michelle Chavez, Human Services Coordinator. A selection for appointment was confirmed, along with two alternates.

Alternatives:

1. Approve the appointment as recommended.
2. Do not approve the appointments.
3. Some other option not contemplated in the above.

Prior Review:

Not Applicable

Advisory Board Recommendation(s):

Not Applicable

Fiscal Impact:

Budgeted Item: No

Amount: N/A

Project Code: N/A

Funding Source: N/A

Attachments:

1. Application for John Grausam

Policy or Legal Alignment:

1. [Lacey Municipal Code \(LMC\) 2.35.030](#)

Background: Pursuant to [LMC 2.35.030](#), the City's Human Services Commission is composed of seven (7) members appointed by the Mayor, subject to confirmation by the City Council. General membership on the commission shall always include at least two professionals who have experience in human services, despite their residency. The remaining membership must reside in the City of Lacey or in Lacey's Urban Growth Area (UGA). Commissioners serve three-year terms and may serve no more than two full terms.

A vacancy was created following the resignation of a previous commissioner. The City conducted a recruitment process to fill the following:

- An unexpired term, ending on December 31, 2027. Applicants for this vacancy must reside within Lacey City Limits and/or the Lacey Urban Growth Area (UGA).

A total of four (4) applications were received, all residing in City Limits. The applicants were interviewed and the recommendation for appointment is outlined in **Table A**. During the interview process, two alternate candidates were identified in case an additional vacancy arises. If an alternate is needed, their appointment would be brought before Council for approval.

Table A	
Name	Designation
John Grausam (City)	Appoint to the unexpired term, ending December 31, 2027





Application for Appointment to Lacey City Council Boards & Commissions

Please Note: Applicant entries are not modified or edited.

DATE OF APPLICATION:	12/11/25		
APPLICATION FOR:	Human Services Commission		
APPLICANT:	John		Grausam
ADDRESS:			
EMAIL:			

Home Phone Number:	
Cell Phone Number:	
Work Phone Number:	

Do you live within the City Limits or the Urban Growth Area?
City of Lacey
How long have you been a resident?
52 years since 1973
What is your interest/objective in serving on this Board or Commission?
Public service has been an important value in my life. I currently have no volunteer obligations and am looking for a new way to serve the community.
What is your education?
SPSCC Associate Degree SPSCC coursework in the Management Program Completed over 50 technical and professional courses

Do you have other civic obligations and/or memberships in professional organizations?
No current obligations



Application for Appointment to Lacey City Council Boards & Commissions

Please Note: Applicant entries are not modified or edited.

What previous experience do you have serving on a board, committee, or commission?
Belair Neighborhood Association Lacey Parks Commission Public Facilities District Friends of the Lacey Library Advisory Group to Upgrade Police Facilities
Approximately how many hours each month can you volunteer for this appointment?
I am retired so would be available whenever needed.
Briefly describe any special knowledge, skills, or experience that qualifies you for this appointment?
Employed in the Not-for-Profit sector for 40 years and was an active volunteer in the community for 30 years.
Where are you currently employed?
I am currently retired
Briefly explain why you would like to serve on a Council Board or Commission.
Enjoy working with a small group in support of a common goal.



STAFF REPORT

Council Regular Meeting
February 17, 2026

Subject: Library Board Appointments
To: Lacey City Council
Prepared by: Elissa Fontaine, City Clerk
Department Director: Shannon Kelley-Fong, Assistant City Manager
Reviewed By: Not Applicable
Final Review: Rick Walk, City Manager

SKF

RW

Purpose: Action Item

Recommendation: Motion to Approve the appointments of Jade Sierra and Pat Taviss to the Library Board

Brief: Two (2) vacancies were created on the Library Board when commissioners fulfilled their terms. The recruitment was posted, and applicants were invited to interview. Two (2) applicants were received and considered, with interviews conducted by Chair Sharla Desy, and Brandy Legomina, Deputy City Clerk.

Alternatives:

1. Approve the appointment as recommended.
2. Do not approve the appointments.
3. Some other option not contemplated in the above.

Prior Review:

Not Applicable

Advisory Board Recommendation(s):

Not Applicable

Fiscal Impact:

Budgeted Item: No

Amount: N/A

Project Code: N/A

Funding Source: N/A

Attachments:

1. Application for Jade Sierra
2. Application for Pat Taviss

Policy or Legal Alignment:

1. [Lacey Municipal Code \(LMC\) 2.46.020](#)

Background: Pursuant to [LMC 2.46.020](#), the City's Library Board is composed of five (5) members appointed by the Mayor, subject to confirmation by the City Council. At least four (4) of the general board members shall be residents of the City of Lacey. The fifth general board member may either be a resident of the City or reside in Lacey's Urban Growth Area (UGA). Terms for the general members shall be for five years.

Two (2) vacancies were created when commissioners fulfilled their terms. The City conducted a recruitment process to fill the following:

- A first term, expiring February 6, 2031. Applicants must reside within the Lacey City Limits or Urban Growth Area.
- A first term, expiring February 6, 2031. Applicants must reside within Lacey City Limits.

A total of two (2) applications were received, one within City limits and one within the UGA. The applicants were interviewed and the recommendation for appointment is outlined in **Table A**.

Table A	
Name	Designation
Jade Sierra (City)	Appoint to a first full term, expiring February 6, 2031
Pat Taviss (UGA)	Appoint to a first full term, expiring February 6, 2031





Application for Appointment to Lacey City Council Boards & Commissions

Please Note: Applicant entries are not modified or edited.

DATE OF APPLICATION:	11/15/25		
APPLICATION FOR:	Library Board		
APPLICANT:	Jade		Sierra
ADDRESS:			
EMAIL:			

Home Phone Number:	
Cell Phone Number:	
Work Phone Number:	

Do you live within the City Limits or the Urban Growth Area?
City of Lacey
How long have you been a resident?
7 years
What is your interest/objective in serving on this Board or Commission?
I am interested in serving on the Lacey Library Board as, I believe it is critical to ensure that the city library continues to serve as a space for residents to access essential services such as internet, professional development programs, literacy programs, and reading materials. Growing up I was always reading a book, and the excitement I would feel visiting my local library and checking out a new book was a memory I will never forget. In a time of digital consumption, I would love to be involved in the libraries strategic plan on how we can incorporate online media to share the work that the library does and the importance of continuing to develop and sustain its viability.
What is your education?
I hold a bachelor's degree from the University of Washington in Communication and Political Science. Additionally, I hold an associate of arts degree from South Puget Sound Community College.

Do you have other civic obligations and/or memberships in professional organizations?
I currently volunteer with the Thurston County Food Bank and serve as a University of Washington Alumni Mentor, neither of which will hinder me from serving on this board.



Application for Appointment to Lacey City Council Boards & Commissions

Please Note: Applicant entries are not modified or edited.

What previous experience do you have serving on a board, committee, or commission?
During my time at the University of Washington, I served on the Legislative Steering Committee where I assisted in developing policy recommendations related to higher education that the Office of Government Relations presented to the Washington State Legislature.
Approximately how many hours each month can you volunteer for this appointment?
I am available to volunteer as many hours as necessary for this appointment.
Briefly describe any special knowledge, skills, or experience that qualifies you for this appointment?
I am familiar with the Washington state budget system and navigating local and community project grants that may serve as an asset in strategizing and developing long-term plans for the library. I also have an immense passion for reading and ensuring historically disadvantaged communities have access and knowledge of the essential services that libraries can provide.
Where are you currently employed?
Legislative Assistant, Washington State Senate, Nov. 2022-Present, Secretary of the Senate, 360-786-7550
Briefly explain why you would like to serve on a Council Board or Commission.
I would like to serve on this board because I want to assist in advocating for the library and its core mission of aligning services with community needs. The boards responsibility of developing a long-term strategic plan, securing funding, and representing a diverse background of community members are all issues that I would like to contribute to for the better of our community.



Application for Appointment to Lacey City Council Boards & Commissions

Please Note: Applicant entries are not modified or edited.

DATE OF APPLICATION:	11/17/25		
APPLICATION FOR:	Library Board		
APPLICANT:	Pat	A	Taviss
ADDRESS:			
EMAIL:			

Home Phone Number:	
Cell Phone Number:	
Work Phone Number:	

Do you live within the City Limits or the Urban Growth Area?
Lacey UGA
How long have you been a resident?
Since August 2024
What is your interest/objective in serving on this Board or Commission?
I believe in giving back to my community. As a new resident with an extensive background in public service and libraries specifically I wish to contribute.
What is your education?
MAOM Master of Arts in Organizational Management MLS Master of Library Science BA Honors Bachelor of Arts

Do you have other civic obligations and/or memberships in professional organizations?
MEMBERSHIPS ALA (American Library Association) AMA (American Management Association) BAODN (Bay Area Organization Development Network) CALTAC (California Association of Library Trustees and Commissioners) CLA (California Library Association) CLENERT (Continuing Library Education Network and Exchange Round Table) LAA (Library Association of Alberta) ODN (Organizational Development Network) OLA (Ohio Library Association) PLA (Public Library Association)



Application for Appointment to Lacey City Council Boards & Commissions

Please Note: Applicant entries are not modified or edited.

What previous experience do you have serving on a board, committee, or commission? VOLUNTEER EXPERIENCE Board Effectiveness Trainer, California State Library Association (2003 - 2006) Conducted 3-hour training sessions throughout the state. Tailored to the specific needs of the board or commission being trained covered various topics such as the role of volunteer trustees, library board structures, legal obligations, and success strategies. Program Co-Chair, California Association of Library Trustees and Commissioners (CALTAC) Board (2003 - 2006) Responsible for design and delivery of the annual spring workshops on Library Leadership, held in the northern and southern portions of the state, as well as active service on the 20-member Board. Trustee, Redwood City, California Public Library Board (2000 - 2003) President (2002 - 2003) Led the city-appointed administrative Board of Trustees that independently managed all library operations. Project READ Tutor, Redwood City Public Library (2000 - 2002) Volunteer literacy tutor using the Barton Reading & Spelling System for adults struggling with dyslexia.
Approximately how many hours each month can you volunteer for this appointment? 20
Briefly describe any special knowledge, skills, or experience that qualifies you for this appointment? President and Chief Change Catalyst, Pat Taviss Consulting (1991 - 2016) Founder and principal of a training and consulting firm that emphasized successful implementation of technological and human change for organizations of all sizes. Installation Consultant, CLSI, Inc. (1989 - 1991) Provided pre-installation, installation, and ongoing customer training and consulting services for libraries transitioning from a manual to a fully automated system. Systems Manager, Hamilton Public Library, Ohio (1986 - 1989) Created new department to install and implement CLSI automated library system for main library, four branches, and two bookmobiles. Reference Librarian, Business & Social Science Department Memphis/Shelby County Public Library & Information Center, Memphis, Tennessee (1984 - 1986) Provided subject reference services for in-library and telephone patrons in the Business and Social Sciences Department. Children's Librarian, Grande Prairie Public Library, Alberta, Canada (1980 - 1984) Managed the Children's Department including administration, personnel, collection development, programming, reference services, and promotion. Supervised full library operations in the absence of the Administrative Librarian.
Where are you currently employed? Retired
Briefly explain why you would like to serve on a Council Board or Commission. I believe I have relevant knowledge and experience that suits the Library Board position. I As a new residence I am interested in learning more about the community and making connections with other likeminded people. I



STAFF REPORT

Council Worksession
February 17, 2026

Subject: 2026 Commission on Equity Work Plan
To: Lacey City Council
Prepared by: Shannon Kelley-Fong
Department Director: Shannon Kelley-Fong, Assistant City Manager
Reviewed By: Not Applicable
Final Review: Rick Walk, City Manager

SKF

RW

Purpose: Informational

Recommendation: Review only. The City Council could take action at this meeting or at a future City Council Meeting.

Brief: Annually, the COE develops a Work Plan for City Council consideration to guide its scope of work and responsibilities for the coming year, see **Attachment 1**. The COE reviewed and recommended the draft 2026 COE Work Plan at their December 22, 2025, meeting.

Alternatives:

1. Adopt the 2026 COE Work Plan with amendments.
2. Do not adopt a 2026 COE Work Plan.
3. Some other option not contemplated in the above.

Prior Review:

Commission on Equity - 12/22/2025 [Link](#)
Commission on Equity - 11/24/2025 [Link](#)
Commission on Equity - 10/27/2025 [Link](#)
Commission on Equity - 9/9/2025 [Link](#)

Advisory Board Recommendation(s):

Commission on Equity - Recommended the Draft 2026 COE Work Plan to the City Council.

Fiscal Impact:

Budgeted Item: Yes

Amount: \$0

Funding Source: N/A

Project Code: N/A

Attachments:

1. Draft 2026 COE Work Plan

Policy or Legal Alignment:

1. Commission on Equity 2025 Work Plan

Background: The Commission on Equity (COE) was created on January 21, 2021, through [Ordinance 1581](#).

The Commission on Equity is tasked with:

- Identifying and advancing opportunities that create a more welcoming community
- Continuing critical conversations on race and equity
- Seeking greater participation from underrepresented community members, and
- Identify existing gaps and barriers that could prevent full participation in government and public policy.

Annually, the COE develops a Work Plan for City Council consideration to guide its scope of work and responsibilities for the coming year, see **Attachment 1**. The COE reviewed and recommended the draft 2026 COE Work Plan at their December 22, 2025, meeting.



Commission on Equity

Work Plan 2026 **DRAFT**



Background: On January 21, 2021, the Lacey City Council established the Commission on Equity (“COE”) with Ordinance 1581. The COE, an advisory body to the Lacey City Council, is tasked with providing recommendations on ways to:

- Identify and advance opportunities that will create a more welcoming community.
- Continue critical conversations on race and equity.
- Seek greater participation from underrepresented community members.
- Identify existing gaps and barriers which could prevent full participation in government and public policy.

Commissioners:

First Name	Last Name	City / UGA	Position	Term	Term Expiration	OMPA Training Date
Clifton	Brown	City	Commissioner	2nd	12/31/2028	09/23/2024
Kim	Sauer	City	2025 Chair	2nd	12/31/2028	09/23/2024
Thelma	Jackson	City	2025 Vice Chair	2nd	12/31/2027	09/23/2024
Annie	Clay	UGA	Commissioner	2nd	12/31/2027	09/23/2024
Raul	Garza	City	Commissioner	1 st (full)	12/31/2028	12/19/2024
Makieda	Hart	UGA	Commissioner	2nd	12/31/2028	09/23/2024
Jonathan	Hegwood	City	Commissioner	2nd	12/31/2028	09/23/2024
Michelle	Ewig	Youth	LYC Rep.	1st	06/31/2026	-

City Staff Support:

Shannon Kelley-Fong, Assistant City Manager
Veronica Hand, Equity and Inclusion Program Manager
Brandy Legomina, Deputy City Clerk

Meeting Schedule: Typically, Fourth Monday of the Month, 5:30 p.m., Remote / City Council Chambers

Webpage: [Commission on Equity - City of Lacey](#)

Public Comment: At each regular meeting

Review of 2022 - 2025 COE Activities:

Table A provides a succinct overview of COE efforts over the past few years.

Table A		
Overview of Commission on Equity Work 2022-2025		
Year	Month	Activity
2022	January	Discussed participation in Lacey's Cultural Celebration DEI Strategic Plan Workshop #4: Revisit Equity Values, Mission, and Vision Statements & Overview of Values-based decision making in practice Community Engagement Update Focus Group Subcommittee Update Juneteenth Celebration Update
2022	February	Joint Meeting w/ Lacey City Council – Review of Work & 2022 Work Plan Review of BIPOC Business Startup Training Program LPD Presentation DEI Strategic Plan Workshop #5: Values Based Decision Making in Practice Focus Group Strategy Booth at the Lacey Cultural Celebration
2022	March	Held a focus group with Lacey Youth Council Held a booth at the Lacey Cultural Celebration Discussed developing a Community Connectivity Assessment (CCA) Reviewed DEI Strategic Plans from other organizations DEI Strategic Plan Workshop #7: Creating and Prioritizing Action
2022	April	Reviewed Parks & Recreation Facility Policies Reviewed Parks, Culture & Recreation Comprehensive Plan - Public Involvement Plan Reviewed the City's Communications Plan
2022	May	Thurston County Climate Mitigation Plan & Advisory Board Current Planning – CED Presentation Reviewed Proclamation Policy Reviewed Flag Policy and Juneteenth Flag addition in 2022 Continued discussion on CCA development Juneteenth Celebration Update Police Facility Community Advisory Panel Update (CAP)
2022	June	Held 41st Juneteenth Celebration in partnership with the Fred U. Harris Lodge

		DEI Strategic Plan Workshop #9: Monitoring and accountability of DEI Strategic Planning DEI Strategic Plan Workshop: Focus Areas, Impact Statements, and Strategies Part 1 Continued review of the Flag Policy Police Facility Community Advisory Panel Update (CAP)
2022	July	Public Works Presentation DEI Strategic Plan Workshop: Focus Areas, Impact Statements, and Strategies Part 2 Flag Policy Review; Created a recommendation 2022 Work Plan Check-in
2022	August	Finance Presentation DEI Strategic Plan Workshop: Focus Areas, Impact Statements, and Strategies Part 3 Juneteenth After Action Report
2022	September	City Attorney's Office Presentation DEI Strategic Plan Workshop: Focus Areas, Impact Statements, and Strategies Part 4
2022	October	Nat and Thelma Jackson Historical Marker & Art Piece Dedication @ the Lacey Community Center Overlooked the Affordable Housing Strategy DEI Strategic Plan Workshop: Focus Areas, Impact Statements, and Strategies Part 5
2022	November	Reviewed a Draft Land Acknowledgement and Land Acknowledgement Policy Reviewed the City's Art Plan & Utility Wrap Project 2023 DEI Strategic Plan Workshop: Focus Areas, Impact Statements, and Strategies Part 6
2022	December	DEI Strategic Plan Workshop: Focus Areas, Impact Statements, and Strategies Part 7 Reviewed a draft Work Plan 2023 & Joint Meeting with Lacey City Council Community Engagement Efforts & Initiatives
2023	January	Advisory Body Compensation Draft Land Acknowledgement and Land Acknowledgement Policy Review Sponsorship Policy Review
2023	February	NTPS Update on Equity Efforts JPII Update on Equity Efforts

		LPCR Comprehensive Plan first draft review Utility Wrap Update Senior Services for the South Sound Presentation Focus Groups with community members Lacey Cultural Celebration Joint Meeting with the Lacey City Council
2023	March	Scholarship Policy Review Cultural Celebration Review Black and African American Community Forum Review Juneteenth Planning Update Advisory Body Compensation Update Utility Wrap Project Update Thurston League of Women Voters Equity Commission Panel
2023	April	Parks, Culture, and Recreation Event Overview Land Acknowledgement and Land Acknowledgement Policy Advisory Board Stipend Program
2023	May	Parks, Culture, and Recreation Comprehensive Plan Review Sign Code Discussion Juneteenth Celebration Update Thurston County League of Women's Voters Equity Panel Update LGBTQIA+ Community Forum Update Equity Presentation at Joint Lacey City Council and North Thurston Public School Board Meeting
2023	June	Timberland Library Equity Efforts Public Meeting Portal Overview Oral History Project Land Acknowledgement Policy 2023 Juneteenth Celebration Overview & Engagement LGBTQIA+ Community Forum Update
2023	July	Public Meeting Portal Overview, Part II Social Services Overview and Lacey Veterans Services Overview LGBTQIA+ Community Forum and Community Engagement Equity Tools Overview
2023	August	Legislative Meeting Process Overview LGBTQIA+ Community Forum - Online Survey Update Joint Animal Services Overview Lacey Police Department Community Academy
2023	September	Advisory Board Open Positions: Planning Commission Community Liaisons Program Overview

		Land Acknowledgement Application Community Forum - Centering Immigrant Communities Naming of Facilities Overview
2023	October	Cancelled
2023	November	Advisory Board Stipend Program Demographic Data Collection Draft Work Plan 2024 DEI Strategic Plan: Document Element Review, Part 1 Community Forum – Centering Immigrant Communities Discussion Equity Tools Overview, Part II
2023	December	Election of Officers Community Liaisons, Part II 2024 Work Plan Recommendation DEI Strategic Plan Workshop: Document Elements Review, Part 2 Lacey Cultural Celebration 2024 2024 Schedule
2024	January	Advisory Board Stipend Program and Demographics Survey State Business Presentation DEI Strategic Plan Workshop: Document Elements Review, Part 3 - Commission on Equity Message and Demographics
2024	February	Thurston County EDC Presentation Lacey Chamber of Commerce Presentation Economic Development Update Middle Housing Public Engagement DEIB Strategic Plan Update Lacey Cultural Celebration Community Forum Planning
2024	March	Climate and Sustainability Efforts Update Human Services Presentation Community Liaison Program Advisory Board Stipend Program Demographic Data Draft DEIB Strategic Plan Workshop: City Workforce Data Review Equity and Inclusion Program Coordinator
2024	April	Public Comment Policy Meeting with the Lacey Youth Council Community Liaison Program Utility Wrap Project Phase I Review Draft DEIB Strategic Plan: Status Overview, Part I League of Women Voters Equity Panel Update All Abilities Community Forum

		Lacey Cultural Celebration Feedback Equity and Inclusion Project Manager Update May Meeting Discussion
2024	May	School Resource Officer Program Overview Draft DEIB Strategic Plan: Status Overview, Part II and Draft Review Equity Index Maps Overview 43rd Juneteenth Celebration Update Future Community Forums
2024	June	Equity and Inclusion Program Manager Introduction North Thurston Public Schools Update All Abilities - Community Forum Feedback Review Draft DEIB Strategic Plan Review Juneteenth Celebration Parks Improvement Funding Work Group
2024	July	Comprehensive Plan Update: Communications and Community Engagement Plan Human Services Update: Grant Program, Draft Community Participation Plan and Draft Needs Assessment Outline Utility Wrap Project Phase I Update Community Forum and Regional Event Planning Update DEIB Strategic Plan Update Regional DEIB Government Staff Meetings
2024	August	University & College Equity Initiatives: Saint Martin's University, South Sound Community College Thurston County Equity Coalition TOGETHER! Club House and Equity Initiatives Overview Park Improvement Funding Work Group Update Lacey Police Department Community Academy
2024	September	Diversity, Equity, Inclusion, and Belonging Strategic Plan Adoption Celebration Lacey Youth Council Representative Introduction: Kieran Powell Advisory Board Handbook Updates Human Services Update: Commission, Grant Program, and Needs Assessment Survey Equity Index Maps Discussion Park Improvement Funding Work Group Update Tentative October Schedule
2024	October	Black Home Initiative Housing Update: Covenant Homeownership Act - 2023 HB 1474

		Community Resource Unit / Mobile Outreach Team / 30x30 Initiative Equity Initiative Update Park Improvement Funding Work Group Update
2024	November	Komachin Middle School Reverend Dr. Martin Luther King Jr Update City Logo and Branding Guide Against Hate, Racism, and Discriminatory Actions Proclamation Review 2025 Work Plan Review PIFW Report Commissioner Reappointment Update (12/10) Black Home Initiative Update Joint Meeting with the Lacey City Council (1/28) Equity Map Update
2024	December	Welcome New Commissioner Raul Garza Officer Elections Community Survey Update City Designation Overview 2025 Work Plan PIFW Report Reverend Martin Luther King Jr Assembly Update 2025 Advisory Board Stipend and Demographic Survey DEIB Summit Update
2025	January	Comprehensive Plan Update Outreach Results Employee Survey Overview DEIB Summit Update Reverend Martin Luther King Jr Assembly Update Advisory Board Stipend Program and Demographic Survey Joint Meeting with Lacey City Council Joint Meeting with LYC Lacey Cultural Celebration
2025	February	Meeting with the Lacey Youth Council DEIB Summit Update Community Events and Celebrations Overview Lacey Cultural Celebration Update Black History Museum Update Equity Map Update Community Survey Update Potential Community Forum: Active Duty, Veterans, and Families Retreat Discussion
2025	March	Equity Map Review

		DEIB Summit Update Community Events and Celebrations Overview Employee Survey Update Community Forum: Active Duty, Veterans, and Families Update Retreat Discussion
2025	April	Lacey Night Market - Pride Night DEIB Summit Update Veterans, Active Duty, and Families Community Forum Update
2025	May	Comprehensive Plan Review Metropolitan Park District Presentation Thurston Forward: A DEI Summit for Progress Review Pride Night at Lacey Night Market Retreat Update
2025	June	Language Access Plan Review and Language Service Update First-Time Homebuyer and Fair Housing Forum Introduction Community Events and Celebrations Policy Review Juneteenth Proclamation LGBTQIA+ Pride Month Proclamation Pride Night at the Lacey Night Market Retreat Update Equity Map Update DEIB Advisory Board Regional Meeting Update Community Forum Updates
2025	July	Veterans, Active Duty, and Families Community Forum Recap 2025 Work Plan Review 50th Anniversary Block Party Equity Map National Community Survey DEIB Advisory Board Regional Meeting HSC Joint Meeting
2025	August	Lacey Veterans Services Hub Update National Community Survey Update 2025 Retreat Update DEIB Advisory Board Regional Meeting
2025	September	Held DEIB Advisory Board Regional Meeting Connection Activity: Get to Know Your Neighbor Thurston County Overviews, Updates, and Opportunities
2025	October	Welcome Lacey Youth Council Representative, Michelle Ewig

		Regional Advisory Board Meeting Discussion Strengths, Opportunities, Aspirations, and Results Exercise and 2026 Work Plan Leadership Thurston County Presentations COE Reappointment Update Community and Cultural Grant Program Update Utility Wrap Update Joint NTPS City Council Meeting (11/12) November and December Meetings
2025	November	Poet Laureate Program Policy Draft 2026 Work Plan Leadership Thurston County Presentations DEIB Summit Planning Update Joint NTPS City Council Meeting (11/12) City Council COE Work Plan Meeting Lacey Youth Council Meeting
2025	December	<i>Pending</i>

2025 Work Plan Report Card: Table B provides a succinct overview of the 2025 Work Plan activities and their respective progress (complete, update, on hold, etc.).

Table B				
2025 Work Plan Update				
Year	Q	Category	Activity	Status
2025	Q1	Engagement	Participate in the Lacey Cultural Celebration	Complete
			Joint Meeting with the Lacey Youth Council	Complete
		Policy Items	Finalize paid community liaison program recommendation	2026
			Finalize Equity Map	Complete
			Review Employee Survey	Complete
			Review other City policy documents, as they come up (e.g., Economic Development Plan, etc.)	Complete
			2024 DEIB Strategic Plan Report Review	2026
		Program Items	Joint meeting with City Council and Annual Report Out	Complete
			Review and make a recommendation on Community Survey option	Complete
		Events	Start 42nd Juneteenth Celebration planning with Fred U. Harris Lodge	On Hold
			Participate in the Lacey Cultural Celebration	Complete
			Continue planning for 2025 DEIB Regional Summit	Complete
2025	Q2	Engagement	Hold a focus group	Complete
			Hold a joint/informational meeting with DEIB representatives from local education institutions; Invite administrators	Complete
		Policy Items	Continue Advisory Board Process	2026
			Continue research and review on equity tools	2026
			Start review of Advisory Board recruitment process	2026
			Comprehensive Plan Involvement	Complete
			Review other City policy documents, as they come up	Complete
		Program Items		
		Events	Participate in the 42nd Juneteenth Celebration with the Fred U. Harris Lodge	On Hold
			Host 2025 DEIB Regional Summit with partners	Complete

Year	Q	Category	Activity	Status
2025	Q 3	Engagement	Hold a joint / informational meeting with DEIB representatives from other government entities	Complete
			Hold a focus group with community members / affinity group(s) (TBD)	
			Research and consider community celebrations, including LGBTQIA+, Latino events	Complete
		Policy Items	Review Language Access Plan	Complete
			Continue Comprehensive Plan Involvement	Complete
			Review Cross Departmental Equity Team Plan	On Hold
			Review other City policy documents, as they come up	Complete
		Program Items		
		Events		
2025	Q 4	Engagement	Hold a focus group with community members	
			Recruit for COE Members (if needed)	Complete
			Make a recommendation on community celebrations, including LGBTQIA+, Latino events	Complete
		Policy Items	Review contracting and opportunities for information sharing	
			Continue Comprehensive Plan Involvement	Complete
			Review other City policy documents, as they come up	Complete
			Draft 2026 Commission on Equity Work Plan	Complete
		Program Items		
		Events	Start 2026 DEIB Regional Summit Planning	Complete

At the Commission on Equity meeting on October 27, 2025, the COE performed a Strengths, Opportunities, Aspirations, and Results (SOAR) Exercise. A SOAR exercise is a powerful, strengths-based strategic planning activity that focuses on what a group, like the COE, or organization, like the City, does well — rather than focusing primarily on gaps or weaknesses (like the more common Strengths, Weaknesses, Opportunities, and Threats), while also focusing on the future. As part of this exercise, considering the framework of the Diversity, Equity, Inclusion, and Belonging Strategic Plan (DEIB Plan), the COE considered the following questions:

1. **Strengths**

- What are we doing well right now?
- What makes us unique?

2. **Opportunities**

- What possibilities can we take advantage of?
- What's changing in our environment, community, or culture?
- Who can we collaborate with?

3. **Aspirations**

- What do we want to accomplish in the next 12 months?
- What do we want to accomplish in the next few years?

4. **Results**

- What outcomes will show we're making progress?
- What does success look like in the short- and long-term?
- How will we track or celebrate successes and impact?

The following are the notes from the SOAR exercise:

Strengths / Reflections:

- Council support
- City staff support
- Commitment of Commission on Equity members: We show up
- Diverse backgrounds and experiences
- Interactions as a group
- Action-focused
- Mission-driven
- Leader in Thurston County
- Relationships with City Departments
- Learn from experiences
- Growth mindset
- Embracing technology, e.g., Equity Map
- Visible in the community
- Developed partnerships
- Results – implementing DEIB Strategic Plan
- Vocal
- Youth support and voices

Opportunities:

- Connect with new councilmembers
- Lead the way with other regional advisory boards and groups
- Use our experience and continue to move forward
- Equity work is now more critical than ever; challenging work is ahead
- More community engagement
- Avoid duplication
- Recognition for Human Services Grant Program
- Hold Regional Advisory Board Meetings
- Transform systems, focus on inequities
- Education opportunities
- Outcomes of employee survey
- Expand equity discussion to other community elements: education, health, housing
- Use the Equity Map: Host Neighborhood Meetings

Aspirations:

- Quarterly Regional Advisory Board meetings
- Juneteenth
- Mentorship programs: Youth, Young Adults, City staff
- Multilingual newsletter
- Community outreach
- Advisory Group: More impact, growth mindset
- Equity Map: Neighborhood Meetings
- Staff Training Plan Review / Workplace Culture
- Engage with those with limited digital access
- Sidewalks
- Transportation: JBLM, Bike
- Continue work on Community Connectivity Tool (CCT)
- Explain the complexity of systems/changes
- 2025 Report: Impact / Results

Results:

- Performance indicators are being met
- Questions and inquiries are second nature in responding
- Work creates results and new pathways
- Actions are being done
- Visible change starting to occur

- Increased engagement
- Celebrate small wins
- COE continued to be asked to be part of events
- Departments want to come to the COE
- Resources are more equitably distributed
- Newsletter allows for a community feedback loop
- End 2026: Invitations to present on COE work
- Snacks
- Open House-like engagements
- Updated phone systems, use as an education tool, accessibility features
- Review Land Acknowledgment with Nisqually Indian Tribe

Strengths

- Council support
- City staff support
- Commitment of Commission on Equity members: We show up
- Diverse backgrounds and experiences
- Interactions as a group
- Action-focused
- Mission-driven
- Leader in Thurston County
- Relationships with City Departments
- Learn from experiences
- Growth mindset
- Embracing technology, e.g., Equity Map
- Visible in the community
- Developed partnerships
- Results – implementing DEIB Strategic Plan
- Vocal
- Youth support and voices

Opportunities

- Connect with new councilmembers
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- Recognition for Human Services Grant Program
- Hold Regional Advisory Board Meetings
- Transform systems, focus on inequities
- Education opportunities
- Outcomes of employee survey
- Expand equity discussion to other community elements: education, health, housing
- Use the Equity Map: Host Neighborhood Meetings

Aspirations

- Quarterly Regional Advisory Board meetings
- Juneteenth
- Mentorship programs: Youth, Young Adults, City staff
- Multilingual newsletter
- Community outreach
- Advisory Group: More impact, growth mindset
- Equity Map: Neighborhood Meetings
- Staff Training Plan Review / Workplace Culture
- Engage with those with limited digital access
- Sidewalks
- Transportation: JBLM, Bike
- Continue work on Community Connectivity Tool (CCT)
- Explain the complexity of systems/changes
- 2025 Report: Impact / Results

Results

- Performance indicators are being met
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- Work creates results and new pathways
- Actions are being done
- Visible change starting to occur
- Increased engagement
- Celebrate small wins
- COE continued to be asked to be part of events
- Departments want to come to the COE
- Resources are more equitably distributed
- Newsletter allows for a community feedback loop
- End 2026: Invitations to present on COE work
- Snacks
- Open House-like engagements
- Updated phone systems, use as an education tool, accessibility features
- Review Land Acknowledgment with Nisqually Indian Tribe

2026 Work Plan

Table C provides a succinct overview of anticipated COE efforts in 2026.

Table C				
2026 Work Plan				
Year	Q	Category	Activity	Status
2026	Q1	Engagement	Joint Meeting with Regional DEIB Advisory Boards	Scheduled
			Joint Meeting with the Lacey Youth Council	Scheduled
		Policy Items	Community Liaison Program Review	
			Utility Relief Program Review	
			2025 DEIB Strategic Plan Report Review	
			Review other City policy documents as they come up (e.g., the Economic Development Vision, etc.).	
		Program Items	Joint meeting with City Council and Annual Report Out	Scheduled
			Poet Laureate Process	
			Community and Cultural Grant Process	
			Employee Survey Update (<i>pending</i>)	
		Events	Plan 2026 DEIB Regional Summit with partners	
			Participate in the Lacey Cultural Celebration	Scheduled
			Potential Martin Luther King, Jr. Day Celebrations	
2026	Q2	Engagement	Joint Meeting with Regional DEIB Advisory Boards	
			Hold a focus group (e.g., affinity, community groups, or neighborhood groups)	
			Hold a joint/informational meeting with DEIB representatives from local education institutions; Invite administrators	
		Policy Items	Community Liaison Program Review	
			Advisory Board Process Review	
			Community Connectivity Tool (CCT) Update	
			Leadership / Mentorship Opportunities	
			Internship, Training, Application Process Review	
			Utility Relief Program Review	

			Review other City policy documents, as they come up	
		Program Items	Poet Laureate Process (<i>pending</i>)	
		Events	Host 2026 DEIB Regional Summit with partners	Scheduled
2026	Q3	Engagement	Joint Meeting with Regional DEIB Advisory Boards	
			Hold a focus group (e.g., affinity, community groups, or neighborhood groups)	
		Policy Items	Public Art Program Review	
			City Recognition Review	
			Review other City policy documents, as they come up	
		Program Items	Lacey Veterans Services Hub Update	
			Poet Laureate Process	
			Utility Box Wrap Program Round #2 Review	
			Community and Cultural Grant Process	
		Events		
2026	Q4	Engagement	Joint Meeting with Regional DEIB Advisory Boards	
			Hold a focus group (e.g., affinity, community groups, or neighborhood groups)	
		Policy Items	Review contracting and information sharing	
			Public Art Program Review	
			City Recognition Review	
			Review other City policy documents, as they come up	
			Draft 2027 Commission on Equity Work Plan	
		Program Items		
		Events	Start 2027 DEIB Regional Summit Planning	



STAFF REPORT

Council Regular Meeting
February 17, 2026

Subject: Fourth Quarter 2025 Investment Report
To: Lacey City Council
Prepared by: Alix Turcotte, Senior Accountant
Department Director: Troy Woo, Finance Director
Reviewed By: Troy Woo, Finance Director

RW TW

Purpose: Informational

Recommendation: Review only.

Brief: Review fourth quarter investment report

Attachments:

1. Government Portfolio Advisors
Quarterly Investment Report

Policy or Legal Alignment:

1. Resolution No. 1168

Background:

The City's adopted investment policy requires monthly reporting to the City Manager and annual reporting to the City Council, however, in practice, staff has provided the City Council investment reports semi-annually.

The 2025 fourth quarter report has been prepared by the City's investment advisor, Government Portfolio Advisors (GPA). The three main components of the quarterly report include the following:

1. The report opens with a market commentary, market outlook, current investment policy compliance report, updates to the strategic outlook, and portfolio positioning.
2. There are sections illustrating the quarterly asset allocation changes and historical balances.
3. A summary of the City's total invested funds including information relating to types, maturities, and investment activity, investment earnings and accruals that occurred during the report period.

Although Lacey's core fund portfolio experienced a slight decline in total net return each quarter throughout 2025, it largely kept pace with the investment strategy benchmark. The

portfolio ended the year marginally outperforming the benchmark for a third consecutive quarter. The benchmark total return, net of fees, was 1.10 percent while the core fund's return for the period was 1.12 percent. The total net return includes changes to market value, which decreased from the previous quarter.

The total portfolio unrealized gain at the end of the quarter was \$1,733,574. This is an improvement from the third quarter unrealized gain of \$1,377,308. During the fourth quarter, both short- and long-term treasury yields continued to decrease. It should be noted an unrealized gain is only an accounting, or "on paper", gain that will not be realized unless investments are sold before the maturity date.

- The Fed's Federal Open Market Committee (FOMC) followed third quarter's rate cut with two 25 basis point cuts in the fourth quarter.
- Two-year Treasury yields decreased by 13 basis points to 3.47% and five-year notes decreased by 2 basis points during the quarter.
- The total portfolio book yield decreased from 3.739% to 3.635% during the quarter.
- The core portfolio duration decreased this quarter, from 2.092 to 2.058. This is slightly lower than the benchmark duration, which ended the quarter at 2.083.



Quarterly Investment Report City of Lacey

December 31, 2025

Total Aggregate Portfolio

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City of Lacey | Total Aggregate Portfolio

Market Commentary

Market Yields: The yield curve continued to steepen in Q4 and was led by a drop in the front end with 1-month Treasury yields falling by 50 basis points to 3.60% while 2-year notes declined by a more modest 13 basis points to 3.47%. Yields on 5-10 year tenors were relatively unchanged, finishing the quarter within 2 basis points of where they started while the long end of the curve rose.

FOMC: The Federal Reserve pressured the front end of the yield curve down as they cut rates by 25 basis points two times in Q4 bringing the Fed funds target range to 3.50%-3.75%. The Committee justified the rate cuts by pointing to economic data that continue to indicate a softening labor market, along with a broad consensus that the recent uptick in inflation is unlikely to persist.

Employment: The job market remained sluggish in Q4 as the unemployment rate climbed to a 4-year high of 4.5% in November before improving to 4.4% in December. The number of job openings per job seeker has remained under 1 since August indicating slack in the labor market as demand for workers remains muted in what the Fed has coined a “low-fire low-hire” environment. Job growth has recently been concentrated in healthcare and education which is the only category to consistently add jobs throughout the quarter and throughout the year.

Inflation: The November CPI report showed headline inflation cooling to a yearly 2.7% while core prices decelerated to 2.6% in what was welcoming news after inflation had steadily accelerated since April. However, the steep drop in the CPI report was questioned by economists as it had been known that the Bureau of Labor Statistics was not able to fully complete their data collection process due to the recent government shutdown. What's more, the method used to impute missing October rental costs assumed no increase from the prior month. As a result, shelter inflation – and the broader index – were biased downward. But missing data aside, many economists believe that inflation is beginning to cool as most other categories, not only housing, decelerated in the November report.

Quarterly Yield Change

	03/31/25	06/30/25	09/30/25	12/31/25
3 month bill	4.29	4.29	3.93	3.63
2 year note	3.88	3.723	3.61	3.48
5 year note	3.95	3.799	3.74	3.73
10 year note	4.21	4.232	4.15	4.17

Economists' Survey Projections

	Q1-26	Q2-26	Q3-26	Q4-26
Real GDP	2.1	2.0	2.0	2.0
Core PCE (YOY%)	2.9	2.9	2.7	2.5
Unemployment	4.5	4.5	4.5	4.4

Market Outlook

GDP: The economy grew at a robust 4.3% seasonally adjusted and annualized rate in Q3 and was driven by consumer spending and another outsized contribution from net exports. The distortions in net exports and inventories caused by recently implemented duties were not as pronounced as they were in Q2, albeit still present. However, final sales to private domestic purchasers, which excludes these distortions, echoed strength shown in the GDP report advancing by a strong 3.0%. Economists expect GDP growth to cool but to remain in expansionary territory. Bloomberg's median economic forecast calls for GDP growth of approximately 1% in Q4 while the Atlanta Fed's GDPNow model is more optimistic at 2.7%

Fed Funds: After lowering the fed funds rate to a median 3.625% in December, the FOMC is forecasting one rate cut in 2026 and one in 2027, signaling a potential end to the current easing cycle. The Fed will remain data dependent and carefully adjust policy based on risks posed to their dual mandate. However, markets are pricing in two rate cuts in 2026 and none in 2027 indicating more focus on the labor market and economic growth over price stability. Further, concerns have been raised about the yet to be nominated incoming Fed Chairman who some believe, may be susceptible to outside pressures including political pressure to shape policy. However, the organization and structure of the FOMC largely prevents any one member, including the chair, from holding an outsized influence on policy.

2-year Yield Expectations: Market analysts are predicting 2-year Treasury yields to decline in 2026 with the median forecast calling for the tenor to finish the year at 3.3% – roughly 20 basis points below where they are currently trading. The yield curve is projected to steepen as the very front-end falls with Fed cuts while declines on the belly of the curve remain limited.

Portfolio Positioning: We recommend to position portfolio durations neutral of their respective benchmarks while preferring a bullet structure to benefit from a continued curve steepening. Credit spreads tightened after widening over the past two months and remain richly valued relative to history leading us to tactically manage asset allocations at or slightly underweight strategic targets.

Economists' Survey Projections for Rates

	Q1-26	Q2-26	Q3-26	Q4-26
Fed Funds	3.59	3.4	3.27	3.22
2 Year	3.42	3.35	3.31	3.3
10 year	4.09	4.08	4.07	4.1

Compliance Report

City of Lacey | Total Aggregate Portfolio



December 31, 2025

Category

Policy Diversification Constraint	Policy Limit	Actual Value*	Status
US Treasury Obligations Maximum % of Holdings	100.000	39.565	Compliant
US Agency Callable Securities Maximum % of Total Portfolio	31.500	0.000	Compliant
US Agency FFCB Issuer Concentration	35.000	11.723	Compliant
US Agency FHLB Issuer Concentration	35.000	12.836	Compliant
US Agency FHLMC Issuer Concentration	35.000	0.000	Compliant
US Agency FNMA Issuer Concentration	35.000	0.000	Compliant
US Agency Obligations - All Other Issuers Combined	35.000	0.000	Compliant
US Agency Obligations Issuer Concentration	35.000	12.836	Compliant
US Agency Obligations Maximum % of Holdings	100.000	24.559	Compliant
Supranationals - Issuer is ADB, IADB, IBRD, or IFC	0.000	0.000	Compliant
Supranationals Issuer Concentration	5.000	2.081	Compliant
Supranationals Maximum % of Holdings	10.000	4.878	Compliant
Municipal Bonds Issuer Concentration	5.000	1.228	Compliant
Municipal Bonds Maximum % of Holdings	30.000	4.407	Compliant
Municipal Bonds WA issues GO/Local and GO only Outside WA	0.000	0.000	Compliant
Municipal Issue Directly Internally or Interfund Loans Maximum % of Holdings	15.000	0.000	Compliant
Corporate Notes & Commercial Paper Foreign Exposure except Canada	2.000	0.000	Compliant
Corporate Notes & Commercial Paper Maximum % of Holdings	25.000	5.996	Compliant
Corporate Notes & Commercial Paper Single Issuer %	3.000	1.306	Compliant
Certificates of Deposit Issuer Concentration	5.000	0.000	Compliant
Certificates of Deposit Maximum % of Holdings	20.000	0.000	Compliant
Banker's Acceptance Issuer Concentration	5.000	0.000	Compliant
Banker's Acceptance Maximum % of Holdings	10.000	0.000	Compliant
LGIP Maximum % of Holdings	100.000	14.480	Compliant
PDPC Bank Deposits Issuer Concentration	100.000	6.115	Compliant
PDPC Bank Deposits Maximum % of Holdings	20.000	6.115	Compliant

1) Actual values are based on market value.

2) The compliance report allows for resolutions to be documented if an actual value exceeds a limit. The specific resolution can be found on the client portal site.

Compliance Report

City of Lacey | Total Aggregate Portfolio



December 31, 2025

Category

Policy Maturity Structure Constraint	Policy Limit	Actual %	Status
Maturity Constraints Under 30 days Minimum % of Total Portfolio	10.000	22.468	Compliant
Maturity Constraints Under 1 year Minimum % of Total Portfolio	25.000	40.470	Compliant
Maturity Constraints Under 5.5 years Minimum % of Total Portfolio	100.000	100.000	Compliant
Policy Maturity Constraint	Policy Limit	Actual Term	Status
US Treasury Maximum Maturity At Time of Purchase (years)	5.500	5.455	Compliant
US Agency Maximum Maturity At Time of Purchase (years)	5.500	5.181	Compliant
Supranationals Maximum Maturity At Time of Purchase (years)	5.500	4.921	Compliant
Municipals Maximum Maturity At Time of Purchase (years)	5.500	5.148	Compliant
Corporate Maximum Maturity At Time of Purchase (years)	5.500	4.956	Compliant
Corporate Note Portfolio Duration (years)	3.000	1.258	Compliant
Commercial Paper Maximum Maturity At Time of Purchase (days)	270.000	0.000	Compliant
Certificates of Deposit Maximum Maturity At Time of Purchase (years)	5.500	0.000	Compliant
Banker's Acceptance Maximum Maturity At Time of Purchase (days)	180.000	0.000	Compliant
Weighted Average Maturity (years)	2.000	1.768	Compliant
Policy Credit Constraint			Status
Supranationals Ratings AA-/Aa3/AA- or better (Rated by 1 NRSRO)			Compliant
Municipal Bonds Ratings Minimum A-/A3/A- (Rated by 1 NRSRO)			Compliant
Corporate Notes AA-/Aa3/AA- by All If Rated Issuer Concentration (3%)			Compliant
Corporate Notes Ratings Minimum A-/A3/A- by All if rated			Compliant
Corporate Notes Single A with Negative Outlook Cannot Purchase			Compliant
Corporate Notes Split AA- to A- Issuer Concentration % (All must be rated at least A-) (2%)			Compliant
Commercial Paper Over 100 days Minimum Long Term Rating A-/A3/A- by one			Compliant
Commercial Paper Ratings Minimum ST Rating A1/P1/F1 (Rated by 2 NRSROs)			Compliant

1) Actual values are based on market value.

2) The compliance report allows for resolutions to be documented if an actual value exceeds a limit. The specific resolution can be found on the client portal site.

Strategic Quarterly Update

City of Lacey | Total Aggregate Portfolio

Strategic Outlook

- **Fed Policy & Market Yields:** The yield curve continued to steepen in Q4, driven by front-end declines following two Fed rate cuts, while longer maturities held steady or rose.
- **Economic Conditions:** Economic data showed mixed signals: the labor market softened, inflation cooled (with some data distortions), and GDP remained strong but is expected to slow.
- **Investment Strategy:** Portfolio guidance favors neutral duration and a bullet structure, with credit kept at or slightly underweight due to tight spreads and rich valuations.

Portfolio Positioning

- The duration-neutral stance in the core portfolio continues to anchor yields, supporting stable earnings as interest rates trend lower and the market anticipates potential policy adjustments.
- Liquidity balances remain within the strategic range and continue to be actively managed, supported by LGIP and Bank holdings to ensure flexibility for upcoming cash needs.
- The total portfolio book yield decreased from 3.739 to 3.635.
- The total portfolio unrealized gain ended the quarter at \$1,733,574.
- The core portfolio duration decreased over the quarter from 2.092 last quarter to 2.058 this quarter. The benchmark duration ended the quarter at 2.083.
- Net total return for the core portfolio, which includes change in market value and interest income, was 1.12%. The benchmark total return for the period was 1.10%.

Strategic Quarterly Update

City of Lacey | Total Aggregate Portfolio



December 31, 2025

Metric	Previous	Current
Strategy	09/30/2025	12/31/2025
Effective Duration		
Investment Core	2.09	2.06
Benchmark Duration	2.10	2.08
Total Effective Duration	1.64	1.64
Total Return (Net of Fees %)*		
Investment Core	1.19	1.12
Benchmark Return	1.15	1.10
Total Portfolio Performance	1.12	1.04
<i>*Changes in Market Value include net unrealized and realized gains/losses.</i>		
Maturity Total Portfolio		
Average Maturity Total Holdings	1.77	1.77

Metric	Previous	Current
Book Yield	09/30/2025	12/31/2025
Ending Book Yield		
Investment Core	3.86%	3.88%
Liquidity	3.29%	2.69%
Total Book Yield	3.74%	3.63%
Values		
Market Value + Accrued		
Investment Core	212,734,793	213,491,747
Liquidity	61,188,602	54,967,841
Total MV + Accrued	273,923,395	268,459,588
Net Unrealized Gain/Loss		
Total Net Unrealized Gain/Loss	1,377,308	1,733,574

Asset Allocation Change over Quarter

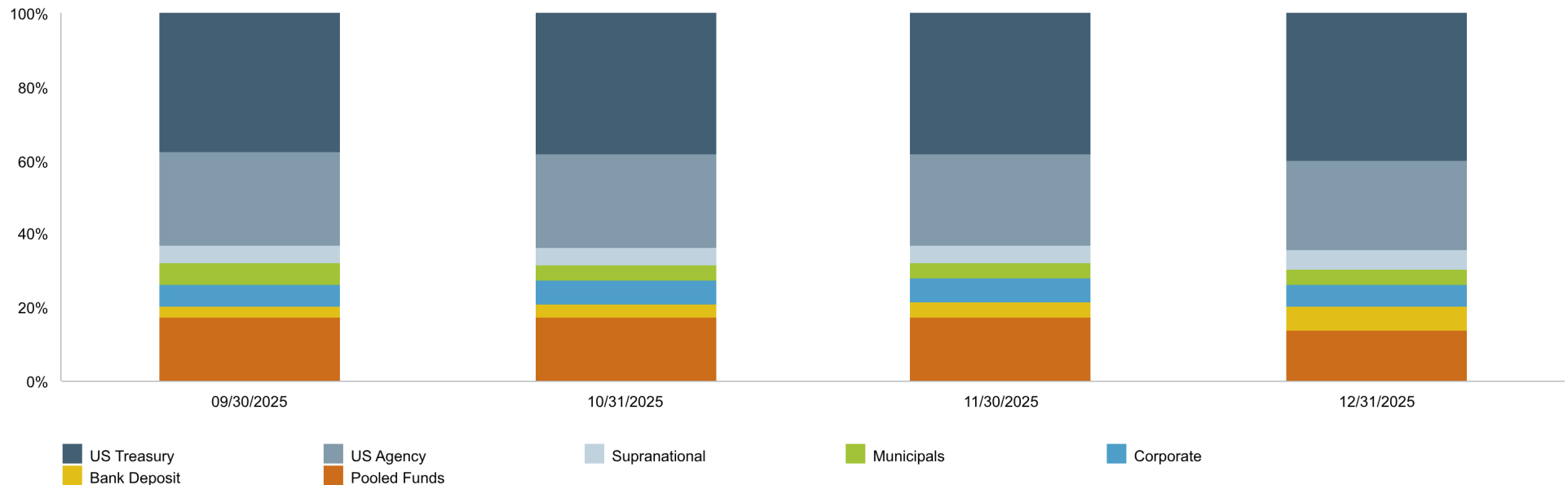
City of Lacey | Total Aggregate Portfolio



December 31, 2025

Asset Allocation Changes

Security Type	09/30/2025		12/31/2025		Change	
	Market Value + Accrued	% of Portfolio	Market Value + Accrued	% of Portfolio	Market Value + Accrued	% of Portfolio
US Treasury	102,725,818.66	37.50%	106,237,796.57	39.57%	3,511,977.91	2.07%
US Agency	68,556,623.83	25.03%	66,059,992.58	24.61%	(2,496,631.25)	(0.42%)
Supranational	13,070,433.26	4.77%	13,217,122.01	4.92%	146,688.75	0.15%
Municipals	16,870,781.50	6.16%	11,868,514.75	4.42%	(5,002,266.75)	(1.74%)
Corporate	16,604,840.33	6.06%	16,108,321.03	6.00%	(496,519.31)	(0.06%)
Bank Deposit	7,908,737.62	2.89%	16,320,604.39	6.08%	8,411,866.77	3.19%
Pooled Funds	48,186,159.87	17.59%	38,647,236.40	14.40%	(9,538,923.47)	(3.20%)
Total	273,923,395.08	100.00%	268,459,587.73	100.00%	(5,463,807.34)	



If negative cash balance is showing, it is due to a pending trade payable at the end of period.

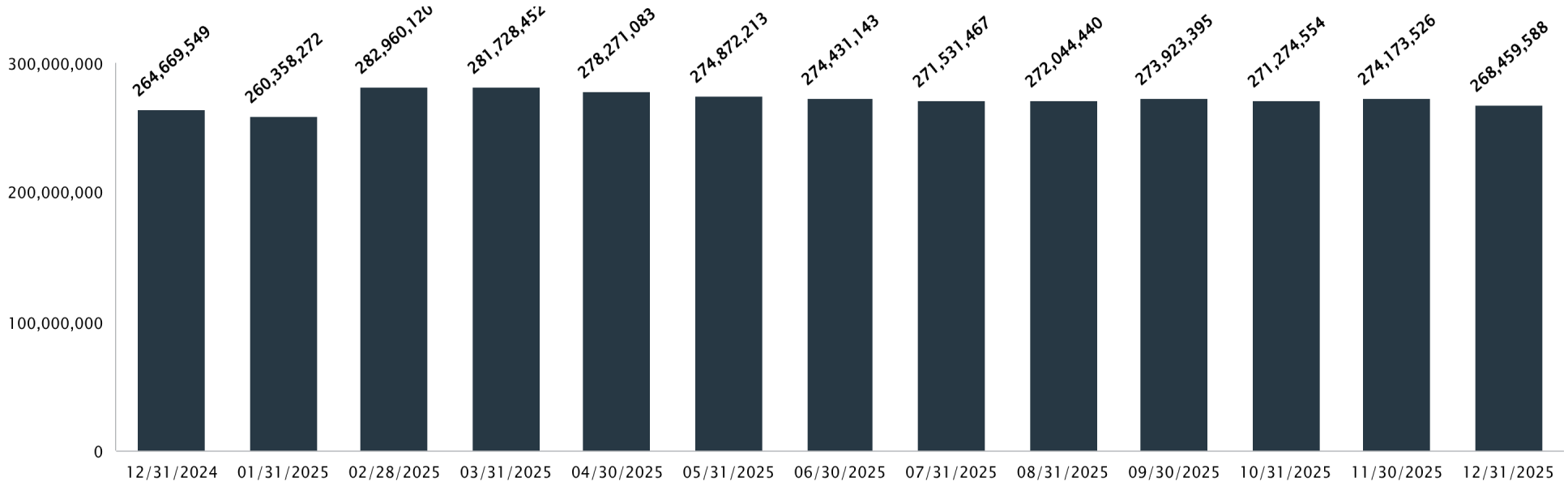
Historical Balances

City of Lacey | Total Aggregate Portfolio



December 31, 2025

Market Value



Market Value and Return

Period Begin	Period End	Market Value + Accrued	Earned Income	Book Yield	Effective Duration	Maturity in Years
12/01/2024	12/31/2024	264,669,549	759,602	3.44%	1.65	1.79
01/01/2025	01/31/2025	260,358,272	765,077	3.52%	1.65	1.79
02/01/2025	02/28/2025	282,960,120	732,080	3.24%	1.57	1.70
03/01/2025	03/31/2025	281,728,452	780,835	3.61%	1.58	1.71
04/01/2025	04/30/2025	278,271,083	839,183	3.70%	1.60	1.72
05/01/2025	05/31/2025	274,872,213	835,179	3.59%	1.61	1.74
06/01/2025	06/30/2025	274,431,143	812,550	3.64%	1.61	1.73
07/01/2025	07/31/2025	271,531,467	836,009	3.70%	1.60	1.73
08/01/2025	08/31/2025	272,044,440	840,711	3.77%	1.64	1.78
09/01/2025	09/30/2025	273,923,395	829,597	3.74%	1.64	1.77
10/01/2025	10/31/2025	271,274,554	846,334	3.78%	1.67	1.80
11/01/2025	11/30/2025	274,173,526	830,372	3.74%	1.60	1.73
12/01/2025	12/31/2025	268,459,588	813,580	3.64%	1.64	1.77

Summary Overview

City of Lacey | Total Aggregate Portfolio

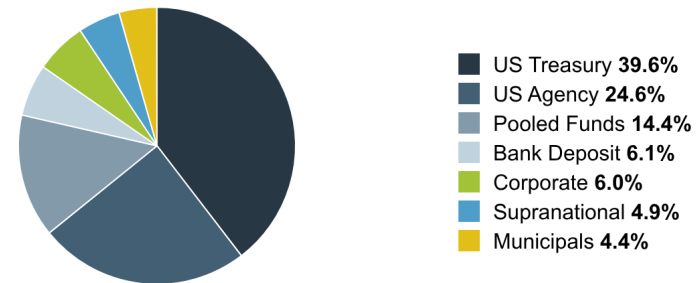


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Portfolio Characteristics

Metric	Value
Cash and Cash Equivalents	54,967,840.79
Investments (Market Value + Accrued)	213,491,746.94
Book Yield	3.63%
Market Yield	3.42%
Effective Duration	1.64
Years to Maturity	1.77
Avg Credit Rating	AA+

Allocation by Asset Class



Strategic Structure

Account	Par Amount	Original Cost	Book Value	Market Value	Net Unrealized Gain (Loss)	Yield at Cost	Effective Duration	Benchmark Duration	Benchmark
LACEY-Investment Core	212,795,000.00	207,018,279.20	210,198,269.06	211,931,843.40	1,733,574.34	3.88%	2.06	2.08	ICE BofA 0-5 Year US Treasury Index
LACEY-Liquidity	54,967,840.79	54,967,840.79	54,967,840.79	54,967,840.79	0.00	2.69%	0.01	0.09	ICE BofA US 1-Month Treasury Bill Index
Total	267,762,840.79	261,986,119.99	265,166,109.85	266,899,684.19	1,733,574.34	3.63%	1.64		

Portfolio Activity

City of Lacey | Total Aggregate Portfolio



December 31, 2025

Accrual Activity Summary

	Quarter to Date	Fiscal Year to Date (01/01/2025)
Beginning Book Value	270,779,972.71	265,150,278.20
Maturities/Calls	(12,500,000.00)	(52,250,000.00)
Purchases	7,613,494.54	51,998,008.46
Sales	0.00	0.00
Change in Cash, Payables, Receivables	(1,127,056.70)	(1,321,472.58)
Amortization/Accretion	399,699.30	1,589,152.97
Realized Gain (Loss)	0.00	142.80
Ending Book Value	265,166,109.85	265,166,109.85

Fair Market Activity Summary

	Quarter to Date	Fiscal Year to Date (01/01/2025)
Beginning Market Value	272,157,281.14	263,212,868.17
Maturities/Calls	(12,500,000.00)	(52,250,000.00)
Purchases	7,613,494.54	51,998,008.46
Sales	0.00	0.00
Change in Cash, Payables, Receivables	(1,127,056.70)	(1,321,472.58)
Amortization/Accretion	399,699.30	1,589,152.97
Change in Net Unrealized Gain (Loss)	356,265.91	3,670,984.37
Net Realized Gain (Loss)	0.00	142.80
Ending Market Value	266,899,684.19	266,899,684.19

Maturities/Calls	Market Value
Quarter to Date	(12,500,000.00)
Fiscal Year to Date	(52,250,000.00)

Purchases	Market Value
Quarter to Date	7,613,494.54
Fiscal Year to Date	51,998,008.46

Sales	Market Value
Quarter to Date	0.00
Fiscal Year to Date	0.00

Return Management-Income Detail

City of Lacey | Total Aggregate Portfolio



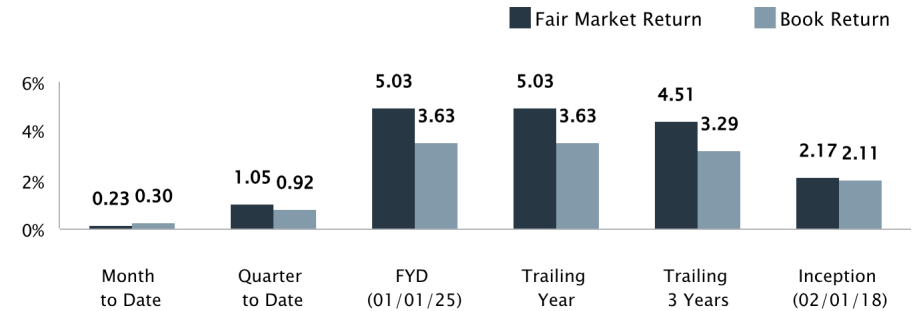
December 31, 2025

Accrued Book Return

	Quarter to Date	Fiscal Year to Date (01/01/2025)
Amortization/Accretion	399,699.30	1,589,152.97
Interest Earned	2,090,585.70	8,172,209.78
Realized Gain (Loss)	0.00	142.80
Book Income	2,490,285.00	9,761,505.55
Average Portfolio Balance	271,580,551.95	271,902,809.55
Book Return for Period	0.92%	3.63%

Return Comparisons

Periodic for performance less than one year. Annualized for performance greater than one year.



Fair Market Return

	Quarter to Date	Fiscal Year to Date (01/01/2025)
Fair Value Change	(43,433.39)	2,081,831.40
Amortization/Accretion	399,699.30	1,589,152.97
Interest Earned	2,090,585.70	8,172,209.78
Fair Market Earned Income	2,446,851.61	11,843,194.14
Average Portfolio Balance	271,580,551.95	271,902,809.55
Fair Market Return for Period	1.05%	5.03%

Interest Income

	Quarter to Date	Fiscal Year to Date (01/01/2025)
Beginning Accrued Interest	1,766,113.94	1,456,681.11
Coupons Income	2,369,646.53	8,408,025.91
Purchased Accrued Interest	72,850.44	339,038.56
Sold Accrued Interest	0.00	0.00
Ending Accrued Interest	1,559,903.54	1,559,903.54
Interest Earned	2,090,585.70	8,172,209.78

Security Type Distribution

City of Lacey | Total Aggregate Portfolio

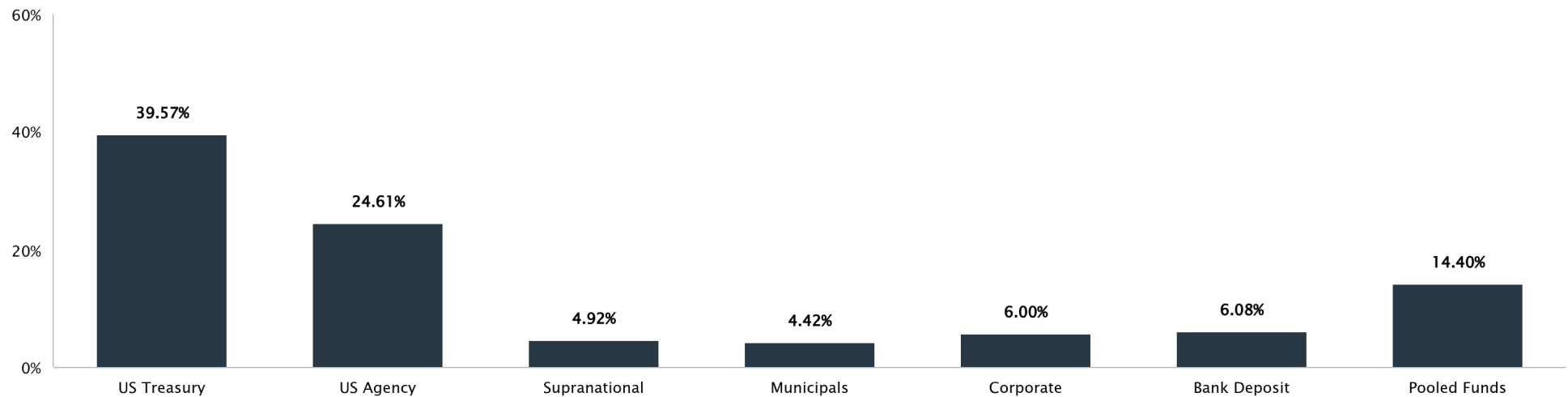


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Security Type Distribution

Security Type	Par Amount	Book Yield	Market Value + Accrued	% of Market Value + Accrued
US Treasury	106,500,000.00	3.48%	106,237,796.57	39.57%
US Agency	65,245,000.00	4.21%	66,059,992.58	24.61%
Supranational	13,000,000.00	4.23%	13,217,122.01	4.92%
Municipals	12,050,000.00	4.48%	11,868,514.75	4.42%
Corporate	16,000,000.00	4.41%	16,108,321.03	6.00%
Bank Deposit	16,320,604.39	0.00%	16,320,604.39	6.08%
Pooled Funds	38,647,236.40	3.83%	38,647,236.40	14.40%
Total	267,762,840.79	3.63%	268,459,587.73	100.00%

Security Type Distribution



Risk Management-Credit/Issuer

City of Lacey | Total Aggregate Portfolio

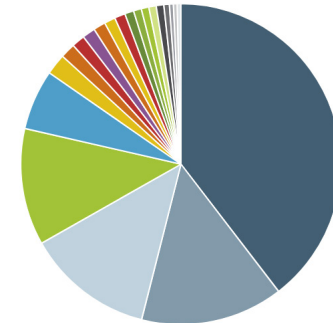


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Credit Rating S&P/Moody's/Fitch

	Market Value + Accrued	%
S&P		
A	5,499,917.58	2.05
A+	6,507,402.06	2.42
AA	9,553,367.67	3.56
AA+	176,587,510.96	65.78
AA-	2,126,426.67	0.79
AAA	13,217,122.01	4.92
NA	54,967,840.79	20.48
Moody's		
A1	10,027,419.03	3.74
Aa1	172,297,789.15	64.18
Aa2	13,895,521.42	5.18
Aa3	3,058,831.44	1.14
Aaa	14,212,185.90	5.29
NA	54,967,840.79	20.48
Fitch		
A+	3,512,804.03	1.31
AA	9,879,345.42	3.68
AA+	173,402,235.15	64.59
AA-	9,573,446.44	3.57
AAA	3,515,405.35	1.31
NA	68,576,351.35	25.54
Total	268,459,587.73	100.00

Issuer Concentration



United States	39.6%
WASHINGTON LGIP	14.4%
Federal Home Loan Banks	12.8%
Farm Credit System	11.8%
Columbia Bank	6.1%
Inter-American Development Bank	2.1%
International Bank for Reconstruction and De...	1.5%
Asian Development Bank	1.3%
Amazon.com, Inc.	1.3%
State of Hawaii	1.2%
JPMorgan Chase & Co.	1.1%
City of New York, New York	1.1%
Commonwealth of Pennsylvania	0.9%
State of California	0.8%
Morgan Stanley	0.8%
Walmart Inc.	0.8%
Toyota Motor Corporation	0.8%
Deere & Company	0.6%
State Of Rhode Island	0.4%
The Bank of New York Mellon Corporation	0.4%
Other	0.4%

Risk Management-Maturity/Duration

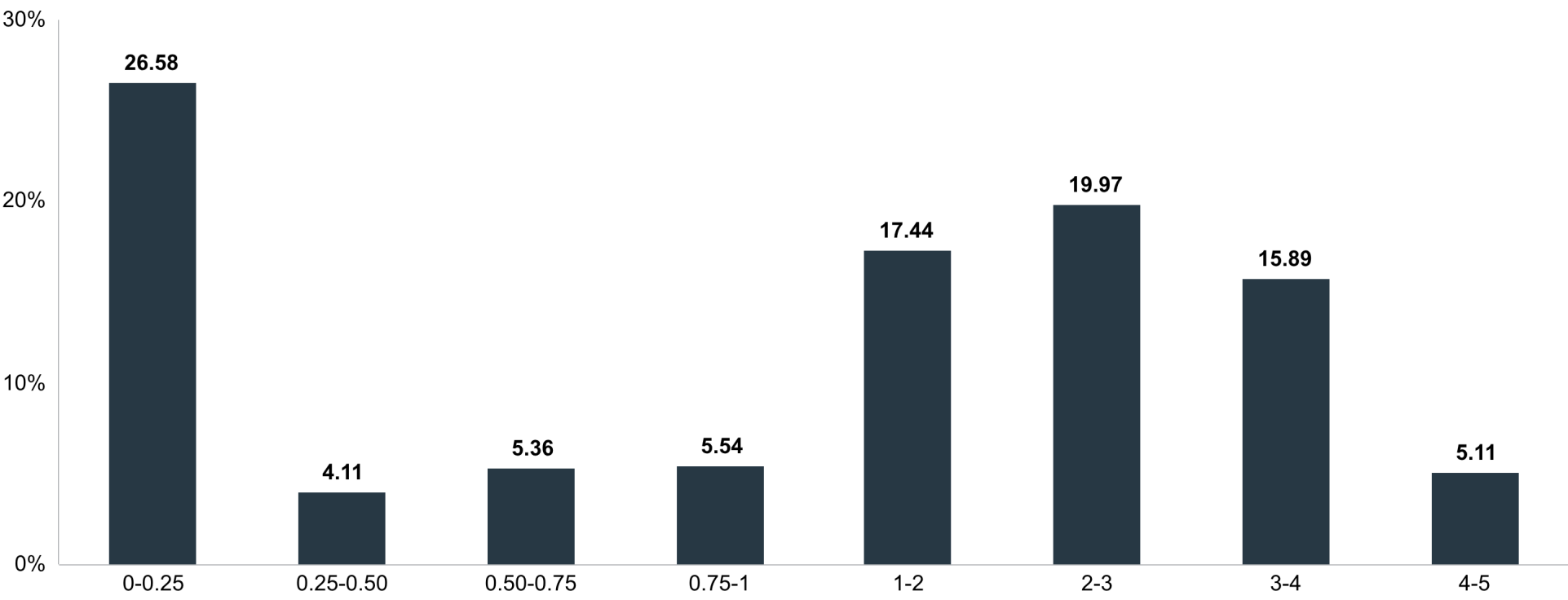
City of Lacey | Total Aggregate Portfolio



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1.64 Yrs	Effective Duration	1.77 Yrs	Years to Maturity	647	Days to Maturity
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Distribution by Effective Duration



Holdings by Maturity & Ratings

City of Lacey | Total Aggregate Portfolio



December 31, 2025

Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
LACEY_COL_CHK	16,320,604.39	Columbia BANK DEPOSIT	0.000%	12/31/2025		16,320,604.39	0.00	16,320,604.39	0.00%	0.00%	6.08	0.01	0.01	NA NA NA
WA_LGIP	38,647,236.40	WASHINGTON LGIP	3.830%	12/31/2025		38,647,236.40	0.00	38,647,236.40	3.83%	3.83%	14.40	0.01	0.01	NA NA NA
3133EN6A3	5,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.000%	01/13/2026		5,000,500.00	93,333.33	5,093,833.33	4.04%	3.63%	1.90	0.04	0.03	AA+ Aa1 AA+
91282CBH3	2,500,000.00	UNITED STATES TREASURY	0.375%	01/31/2026		2,493,500.00	3,923.23	2,497,423.23	1.04%	3.47%	0.93	0.08	0.08	AA+ Aa1 AA+
91282CBQ3	2,500,000.00	UNITED STATES TREASURY	0.500%	02/28/2026		2,486,975.00	4,247.24	2,491,222.24	1.10%	3.71%	0.93	0.16	0.16	AA+ Aa1 AA+
3130AUU36	3,000,000.00	FEDERAL HOME LOAN BANKS	4.125%	03/13/2026		3,003,120.00	37,125.00	3,040,245.00	4.80%	3.56%	1.13	0.20	0.20	AA+ Aa1 AA+
3133EPHH1	3,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.000%	04/28/2026		3,002,520.00	21,000.00	3,023,520.00	3.96%	3.71%	1.13	0.32	0.32	AA+ Aa1 AA+
91282CBW0	2,500,000.00	UNITED STATES TREASURY	0.750%	04/30/2026		2,477,075.00	3,211.33	2,480,286.33	1.09%	3.54%	0.92	0.33	0.33	AA+ Aa1 AA+
91282CCF6	2,500,000.00	UNITED STATES TREASURY	0.750%	05/31/2026		2,471,225.00	1,648.35	2,472,873.35	1.15%	3.56%	0.92	0.41	0.41	AA+ Aa1 AA+
3133EPNG6	3,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.375%	06/23/2026		3,010,800.00	2,916.67	3,013,716.67	4.39%	3.61%	1.12	0.48	0.47	AA+ Aa1 AA+
91282CCP4	2,500,000.00	UNITED STATES TREASURY	0.625%	07/31/2026		2,458,075.00	6,538.72	2,464,613.72	1.13%	3.55%	0.92	0.58	0.57	AA+ Aa1 AA+
91282CCW9	5,000,000.00	UNITED STATES TREASURY	0.750%	08/31/2026		4,908,550.00	12,741.71	4,921,291.71	2.69%	3.56%	1.83	0.67	0.65	AA+ Aa1 AA+
037833DN7	1,000,000.00	APPLE INC	2.050%	09/11/2026	07/11/2026	988,800.00	6,263.89	995,063.89	3.33%	3.70%	0.37	0.70	0.68	AA+ Aaa NA
91282CCZ2	4,000,000.00	UNITED STATES TREASURY	0.875%	09/30/2026		3,921,080.00	8,942.31	3,930,022.31	2.22%	3.57%	1.46	0.75	0.73	AA+ Aa1 AA+

Holdings by Maturity & Ratings

City of Lacey | Total Aggregate Portfolio



December 31, 2025

Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
61690U7W4	2,000,000.00	MORGAN STANLEY BANK NA	5.882%	10/30/2026	09/30/2026	2,029,980.00	19,933.44	2,049,913.44	5.73%	3.83%	0.76	0.83	0.72	A+ Aa3 AA-
912828YQ7	1,500,000.00	UNITED STATES TREASURY	1.625%	10/31/2026		1,476,210.00	4,174.72	1,480,384.72	2.58%	3.58%	0.55	0.83	0.81	AA+ Aa1 AA+
91282CLS8	4,000,000.00	UNITED STATES TREASURY	4.125%	10/31/2026		4,017,080.00	28,259.67	4,045,339.67	4.08%	3.59%	1.51	0.83	0.81	AA+ Aa1 AA+
91282CDK4	4,500,000.00	UNITED STATES TREASURY	1.250%	11/30/2026		4,407,885.00	4,945.05	4,412,830.05	2.85%	3.54%	1.64	0.91	0.90	AA+ Aa1 AA+
3130AQF65	5,000,000.00	FEDERAL HOME LOAN BANKS	1.250%	12/21/2026		4,892,050.00	1,736.11	4,893,786.11	4.52%	3.53%	1.82	0.97	0.95	AA+ Aa1 AA+
912828Z78	2,000,000.00	UNITED STATES TREASURY	1.500%	01/31/2027		1,957,260.00	12,554.35	1,969,814.35	2.57%	3.53%	0.73	1.08	1.05	AA+ Aa1 AA+
46647PBW5	3,000,000.00	JPMORGAN CHASE & CO	1.040%	02/04/2027	02/04/2026	2,991,690.00	12,740.00	3,004,430.00	4.38%	4.06%	1.12	1.10	0.09	A A1 AA-
3133EP4U6	4,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.375%	03/08/2027		4,042,600.00	54,930.56	4,097,530.56	4.51%	3.45%	1.53	1.18	1.13	AA+ Aa1 AA+
24422EWD7	1,500,000.00	JOHN DEERE CAPITAL CORP	2.350%	03/08/2027		1,475,505.00	11,064.58	1,486,569.58	3.02%	3.77%	0.55	1.18	1.15	A A1 A+
023135CF1	3,500,000.00	AMAZON.COM INC	3.300%	04/13/2027	03/13/2027	3,485,160.00	25,025.00	3,510,185.00	4.89%	3.64%	1.31	1.28	1.21	AA A1 AA-
91282CET4	2,700,000.00	UNITED STATES TREASURY	2.625%	05/31/2027		2,667,735.00	6,230.77	2,673,965.77	3.35%	3.50%	1.00	1.41	1.37	AA+ Aa1 AA+
91282CNE7	2,800,000.00	UNITED STATES TREASURY	3.875%	05/31/2027		2,814,336.00	9,538.46	2,823,874.46	3.64%	3.50%	1.05	1.41	1.36	AA+ Aa1 AA+
3130ASGU7	2,000,000.00	FEDERAL HOME LOAN BANKS	3.500%	06/11/2027		1,997,380.00	3,888.89	2,001,268.89	3.15%	3.59%	0.75	1.44	1.39	AA+ Aa1 AA+
64966QZY9	3,000,000.00	NEW YORK CITY	1.396%	08/01/2027		2,894,280.00	17,450.00	2,911,730.00	5.30%	3.70%	1.08	1.58	1.54	AA Aa2 NA

Holdings by Maturity & Ratings

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December 31, 2025

Cusip	Par Amount	Security	Coupon Rate	Maturity Date	Call Date	Market Value	Accrued	Market Value + Accrued	Book Yield	Market Yield	% of Portfolio	Years to Maturity	Eff Duration	S&P, Moody, Fitch
70914PW65	2,500,000.00	PENNSYLVANIA (COMMONWEALTH OF)	1.450%	08/01/2027		2,416,150.00	15,104.17	2,431,254.17	4.32%	3.64%	0.91	1.58	1.54	A+ Aa2 AA
045167FP3	3,500,000.00	ASIAN DEVELOPMENT BANK	3.125%	08/20/2027		3,475,605.00	39,800.35	3,515,405.35	4.52%	3.56%	1.31	1.64	1.57	AAA Aaa AAA
3130AT7E1	3,000,000.00	FEDERAL HOME LOAN BANKS	3.250%	09/10/2027		2,985,390.00	30,062.50	3,015,452.50	3.35%	3.55%	1.12	1.69	1.62	AA+ Aa1 AA+
3133EPYM1	3,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.750%	10/13/2027		3,062,100.00	30,875.00	3,092,975.00	4.81%	3.54%	1.15	1.78	1.69	AA+ Aa1 AA+
912833QB9	5,000,000.00	UNITED STATES TREASURY	0.000%	11/15/2027		4,682,250.00	0.00	4,682,250.00	4.38%	3.54%	1.74	1.87	1.84	AA+ Aa1 AA+
3130ATUS4	5,000,000.00	FEDERAL HOME LOAN BANKS	4.250%	12/10/2027		5,072,100.00	12,395.83	5,084,495.83	3.75%	3.47%	1.89	1.94	1.85	AA+ Aa1 AA+
4581X0EH7	2,500,000.00	INTER-AMERICAN DEVELOPMENT BANK	4.000%	01/12/2028		2,520,400.00	46,944.44	2,567,344.44	4.14%	3.58%	0.96	2.03	1.90	AAA Aaa NA
06406RAB3	1,000,000.00	BANK OF NEW YORK MELLON CORP	3.442%	02/07/2028	02/07/2027	995,150.00	13,768.00	1,008,918.00	4.66%	3.89%	0.38	2.10	1.05	A Aa3 AA-
9128283W8	5,000,000.00	UNITED STATES TREASURY	2.750%	02/15/2028		4,924,600.00	51,936.14	4,976,536.14	4.10%	3.49%	1.85	2.13	2.02	AA+ Aa1 AA+
3130ATS57	3,000,000.00	FEDERAL HOME LOAN BANKS	4.500%	03/10/2028		3,062,730.00	41,625.00	3,104,355.00	4.42%	3.50%	1.16	2.19	2.05	AA+ Aa1 AA+
931142FB4	2,000,000.00	WALMART INC	3.900%	04/15/2028	03/15/2028	2,010,540.00	16,466.67	2,027,006.67	3.97%	3.65%	0.76	2.29	2.11	AA Aa2 AA
91282CHE4	3,000,000.00	UNITED STATES TREASURY	3.625%	05/31/2028		3,007,860.00	9,560.44	3,017,420.44	4.24%	3.51%	1.12	2.42	2.29	AA+ Aa1 AA+
91282CCE9	2,750,000.00	UNITED STATES TREASURY	1.250%	05/31/2028		2,607,357.50	3,021.98	2,610,379.48	4.26%	3.51%	0.97	2.42	2.34	AA+ Aa1 AA+
3130AVVX7	4,000,000.00	FEDERAL HOME LOAN BANKS	3.750%	06/09/2028		4,022,520.00	9,166.67	4,031,686.67	3.91%	3.51%	1.50	2.44	2.31	AA+ Aa1 AA+

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3130AWN63	2,000,000.00	FEDERAL HOME LOAN BANKS	4.000%	06/30/2028		2,025,680.00	222.22	2,025,902.22	4.10%	3.46%	0.75	2.50	2.36	AA+ Aa1 AA+
459058KT9	4,000,000.00	INTERNATIONAL BANK FOR	3.500%	07/12/2028		3,991,360.00	65,722.22	4,057,082.22	4.56%	3.59%	1.51	2.53	2.36	AAA Aaa NA
419792YT7	3,500,000.00	HAWAII ST	1.145%	08/01/2028		3,277,960.00	16,697.92	3,294,657.92	4.41%	3.74%	1.23	2.59	2.50	AA+ Aa2 AA
762223PB5	1,050,000.00	RHODE ISLAND ST	5.000%	08/01/2028		1,082,571.00	21,875.00	1,104,446.00	4.46%	3.72%	0.41	2.59	2.37	AA Aa2 AA+
3133EPUN3	4,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.500%	08/28/2028		4,088,040.00	61,500.00	4,149,540.00	4.46%	3.62%	1.55	2.66	2.46	AA+ Aa1 AA+
91282CCY5	3,500,000.00	UNITED STATES TREASURY	1.250%	09/30/2028		3,292,310.00	11,177.88	3,303,487.88	4.42%	3.54%	1.23	2.75	2.65	AA+ Aa1 AA+
91282CJF9	4,500,000.00	UNITED STATES TREASURY	4.875%	10/31/2028		4,659,435.00	37,572.51	4,697,007.51	4.55%	3.55%	1.75	2.84	2.62	AA+ Aa1 AA+
3130AXQK7	3,000,000.00	FEDERAL HOME LOAN BANKS	4.750%	12/08/2028		3,091,530.00	9,104.17	3,100,634.17	4.40%	3.64%	1.15	2.94	2.72	AA+ Aa1 AA+
91282CJW2	4,000,000.00	UNITED STATES TREASURY	4.000%	01/31/2029		4,050,920.00	66,956.52	4,117,876.52	4.13%	3.56%	1.53	3.08	2.84	AA+ Aa1 AA+
3130AVBD3	3,995,000.00	FEDERAL HOME LOAN BANKS	4.500%	03/09/2029		4,105,741.40	55,930.00	4,161,671.40	4.23%	3.57%	1.55	3.19	2.92	AA+ Aa1 AA+
3133ERAK7	4,000,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	4.375%	04/10/2029		4,096,440.00	39,375.00	4,135,815.00	4.63%	3.59%	1.54	3.27	3.01	AA+ Aa1 AA+
91282CES6	4,750,000.00	UNITED STATES TREASURY	2.750%	05/31/2029		4,622,700.00	11,483.52	4,634,183.52	4.26%	3.59%	1.73	3.41	3.22	AA+ Aa1 AA+
89236TKD6	2,000,000.00	TOYOTA MOTOR CREDIT CORP	4.450%	06/29/2029		2,025,740.00	494.44	2,026,234.44	4.12%	4.05%	0.75	3.49	3.21	A+ A1 A+
45818WV3	3,000,000.00	INTER-AMERICAN DEVELOPMENT BANK	3.900%	08/15/2029		3,033,090.00	44,200.00	3,077,290.00	3.54%	3.57%	1.15	3.62	3.31	AAA Aaa NA

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13063EBP0	2,000,000.00	CALIFORNIA ST	5.125%	09/01/2029		2,092,260.00	34,166.67	2,126,426.67	3.68%	3.76%	0.79	3.67	3.28	AA- Aa2 AA
91282CFT3	3,000,000.00	UNITED STATES TREASURY	4.000%	10/31/2029		3,039,270.00	20,552.49	3,059,822.49	4.29%	3.63%	1.14	3.83	3.51	AA+ Aa1 AA+
91282CFY2	6,000,000.00	UNITED STATES TREASURY	3.875%	11/30/2029		6,050,160.00	20,439.56	6,070,599.56	3.71%	3.64%	2.26	3.91	3.59	AA+ Aa1 AA+
3133EN4P2	2,500,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	3.875%	12/20/2029		2,510,975.00	2,960.07	2,513,935.07	4.00%	3.75%	0.94	3.97	3.65	AA+ Aa1 AA+
91282CGJ4	5,500,000.00	UNITED STATES TREASURY	3.500%	01/31/2030		5,468,430.00	80,557.07	5,548,987.07	3.91%	3.65%	2.07	4.08	3.72	AA+ Aa1 AA+
91282CGS4	3,500,000.00	UNITED STATES TREASURY	3.625%	03/31/2030		3,493,455.00	32,415.87	3,525,870.87	4.10%	3.67%	1.31	4.25	3.87	AA+ Aa1 AA+
91282CGZ8	4,000,000.00	UNITED STATES TREASURY	3.500%	04/30/2030		3,971,080.00	23,977.90	3,995,057.90	4.30%	3.68%	1.49	4.33	3.96	AA+ Aa1 AA+
91282CMZ1	2,000,000.00	UNITED STATES TREASURY	3.875%	04/30/2030		2,015,620.00	13,273.48	2,028,893.48	3.75%	3.68%	0.76	4.33	3.93	AA+ Aa1 AA+
3133ELYY4	2,750,000.00	FEDERAL FARM CREDIT BANKS FUNDING CORP	1.300%	05/13/2030		2,474,862.50	4,766.67	2,479,629.17	3.94%	3.81%	0.92	4.36	4.16	AA+ Aa1 AA+
91282CHR5	5,500,000.00	UNITED STATES TREASURY	4.000%	07/31/2030		5,569,850.00	92,065.22	5,661,915.22	3.86%	3.70%	2.11	4.58	4.09	AA+ Aa1 AA+
91282CHZ7	2,500,000.00	UNITED STATES TREASURY	4.625%	09/30/2030		2,597,850.00	29,541.55	2,627,391.55	3.62%	3.72%	0.98	4.75	4.20	AA+ Aa1 AA+
91282CPA3	3,000,000.00	UNITED STATES TREASURY	3.625%	09/30/2030		2,988,390.00	27,785.03	3,016,175.03	3.78%	3.71%	1.12	4.75	4.28	AA+ Aa1 AA+
Total	267,762,840.79		3.023%			266,899,684.19	1,559,903.54	268,459,587.73	3.63%	3.42%	100.00	1.77	1.64	

Transactions

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December 31, 2025

Cusip	Security	Trade Date	Settlement Date	Coupon Payment	Price	Par Amount	Principal Amount	Accrued Amount	Total Amount	Broker
Buy										
91282CHZ7	US TREASURY 4.625 09/30/30	10/28/2025	10/31/2025	0.00	104.47	2,500,000.00	2,611,816.41	9,847.18	2,621,663.59	MUFG Securities
89236TKD6	TOYOTA MOTOR CRD 4.450 06/29/29 MTN	12/10/2025	12/12/2025	0.00	101.08	2,000,000.00	2,021,600.00	40,297.22	2,061,897.22	MORGAN STANLEY
91282CPA3	US TREASURY 3.625 09/30/30	12/10/2025	12/15/2025	0.00	99.34	3,000,000.00	2,980,078.13	22,706.04	3,002,784.17	BMO-CHICAGO BRANCH
WA_LGIP	WASHINGTON LGIP	11/14/2025	11/14/2025	0.00	1.00	329,893.59	329,893.59	0.00	329,893.59	Direct
LACEY_COL_CHK	Columbia BANK DEPOSIT	12/23/2025	12/23/2025	0.00	1.00	6,247,547.49	6,247,547.49	0.00	6,247,547.49	Direct
Total				0.00		14,077,441.08	14,190,935.62	72,850.44	14,263,786.06	
Sell										
LACEY_UMP_DEP	UMPQUA BANK DEPOSIT	10/31/2025	10/31/2025	0.00	1.00	665.81	665.81	0.00	665.81	Direct
LACEY_UMP_CHK	UMPQUA BANK DEPOSIT	10/31/2025	10/31/2025	0.00	1.00	2,928,719.06	2,928,719.06	0.00	2,928,719.06	Direct
WA_LGIP	WASHINGTON LGIP	12/31/2025	12/31/2025	0.00	1.00	9,868,817.06	9,868,817.06	0.00	9,868,817.06	Direct
Total				0.00		12,798,201.93	12,798,201.93	0.00	12,798,201.93	
Maturity										
13063D2T4	CALIFORNIA STATE 5.500 10/01/25 MATD	10/01/2025	10/01/2025	0.00	100.00	5,000,000.00	5,000,000.00	0.00	5,000,000.00	
91282CAT8	US TREASURY 0.250 10/31/25 MATD	10/31/2025	10/31/2025	0.00	100.00	2,500,000.00	2,500,000.00	0.00	2,500,000.00	
3130ATUC9	FHLBANKS 4.500 12/12/25 MATD	12/12/2025	12/12/2025	0.00	100.00	2,500,000.00	2,500,000.00	0.00	2,500,000.00	
92826CAD4	VISA 3.150 12/14/25 MATD	12/14/2025	12/14/2025	0.00	100.00	2,500,000.00	2,500,000.00	0.00	2,500,000.00	
Total				0.00		12,500,000.00	12,500,000.00	0.00	12,500,000.00	
Coupon										
13063D2T4	CALIFORNIA STATE 5.500 10/01/25 MATD	10/01/2025	10/01/2025	137,500.00		0.00	0.00	0.00	137,500.00	
3133ERAK7	FED FARM CR BNKS 4.375 04/10/29	10/10/2025	10/10/2025	87,500.00		0.00	0.00	0.00	87,500.00	
023135CF1	AMAZON.COM 3.300 04/13/27 '27	10/13/2025	10/13/2025	57,750.00		0.00	0.00	0.00	57,750.00	
3133EPMY1	FED FARM CR BNKS 4.750 10/13/27	10/13/2025	10/13/2025	71,250.00		0.00	0.00	0.00	71,250.00	
931142FB4	WALMART 3.900 04/15/28 '28	10/15/2025	10/15/2025	39,000.00		0.00	0.00	0.00	39,000.00	
3133EPHH1	FED FARM CR BNKS 4.000 04/28/26	10/28/2025	10/28/2025	60,000.00		0.00	0.00	0.00	60,000.00	
61690U7W4	MSBNA 5.882 10/30/26 '26	10/30/2025	10/30/2025	58,820.00		0.00	0.00	0.00	58,820.00	
912828YQ7	US TREASURY 1.625 10/31/26	10/31/2025	10/31/2025	12,187.50		0.00	0.00	0.00	12,187.50	
91282CAT8	US TREASURY 0.250 10/31/25 MATD	10/31/2025	10/31/2025	3,125.00		0.00	0.00	0.00	3,125.00	
91282CBW0	US TREASURY 0.750 04/30/26	10/31/2025	10/31/2025	9,375.00		0.00	0.00	0.00	9,375.00	

Transactions

City of Lacey | Total Aggregate Portfolio



December 31, 2025

Cusip	Security	Trade Date	Settlement Date	Coupon Payment	Price	Par Amount	Principal Amount	Accrued Amount	Total Amount	Broker
91282CFT3	US TREASURY 4.000 10/31/29	10/31/2025	10/31/2025	60,000.00		0.00	0.00	0.00	60,000.00	
91282CGZ8	US TREASURY 3.500 04/30/30	10/31/2025	10/31/2025	70,000.00		0.00	0.00	0.00	70,000.00	
91282CJF9	US TREASURY 4.875 10/31/28	10/31/2025	10/31/2025	109,687.50		0.00	0.00	0.00	109,687.50	
91282CLS8	US TREASURY 4.125 10/31/26	10/31/2025	10/31/2025	82,500.00		0.00	0.00	0.00	82,500.00	
91282CMZ1	US TREASURY 3.875 04/30/30	10/31/2025	10/31/2025	38,750.00		0.00	0.00	0.00	38,750.00	
3133ELYY4	FED FARM CR BNKS 1.300 05/13/30	11/13/2025	11/13/2025	17,875.00		0.00	0.00	0.00	17,875.00	
91282CCF6	US TREASURY 0.750 05/31/26	11/30/2025	11/30/2025	9,375.00		0.00	0.00	0.00	9,375.00	
91282CCE9	US TREASURY 1.250 05/31/28	11/30/2025	11/30/2025	17,187.50		0.00	0.00	0.00	17,187.50	
91282CDK4	US TREASURY 1.250 11/30/26	11/30/2025	11/30/2025	28,125.00		0.00	0.00	0.00	28,125.00	
91282CET4	US TREASURY 2.625 05/31/27	11/30/2025	11/30/2025	35,437.50		0.00	0.00	0.00	35,437.50	
91282CES6	US TREASURY 2.750 05/31/29	11/30/2025	11/30/2025	65,312.50		0.00	0.00	0.00	65,312.50	
91282CFY2	US TREASURY 3.875 11/30/29	11/30/2025	11/30/2025	116,250.00		0.00	0.00	0.00	116,250.00	
91282CHE4	US TREASURY 3.625 05/31/28	11/30/2025	11/30/2025	54,375.00		0.00	0.00	0.00	54,375.00	
91282CNE7	US TREASURY 3.875 05/31/27	11/30/2025	11/30/2025	54,250.00		0.00	0.00	0.00	54,250.00	
3130AXQK7	FHLBANKS 4.750 12/08/28	12/08/2025	12/08/2025	71,250.00		0.00	0.00	0.00	71,250.00	
3130AVVX7	FHLBANKS 3.750 06/09/28	12/09/2025	12/09/2025	75,000.00		0.00	0.00	0.00	75,000.00	
3130ATUS4	FHLBANKS 4.250 12/10/27	12/10/2025	12/10/2025	106,250.00		0.00	0.00	0.00	106,250.00	
3130ASGU7	FHLBANKS 3.500 06/11/27	12/11/2025	12/11/2025	35,000.00		0.00	0.00	0.00	35,000.00	
3130ATUC9	FHLBANKS 4.500 12/12/25 MATD	12/12/2025	12/12/2025	56,250.00		0.00	0.00	0.00	56,250.00	
92826CAD4	VISA 3.150 12/14/25 MATD	12/14/2025	12/14/2025	39,375.00		0.00	0.00	0.00	39,375.00	
3133EN4P2	FED FARM CR BNKS 3.875 12/20/29	12/20/2025	12/20/2025	48,437.50		0.00	0.00	0.00	48,437.50	
3130AQF65	FHLBANKS 1.250 12/21/26	12/21/2025	12/21/2025	31,250.00		0.00	0.00	0.00	31,250.00	
3133EPNG6	FED FARM CR BNKS 4.375 06/23/26	12/23/2025	12/23/2025	65,625.00		0.00	0.00	0.00	65,625.00	
89236TKD6	TOYOTA MOTOR CRD 4.450 06/29/29 MTN	12/29/2025	12/29/2025	44,500.00		0.00	0.00	0.00	44,500.00	
3130AWN63	FHLBANKS 4.000 06/30/28	12/30/2025	12/30/2025	40,000.00		0.00	0.00	0.00	40,000.00	
Total				1,908,570.00		0.00	0.00	0.00	1,908,570.00	
Cash Transfer										
CCYUSD	US DOLLAR	10/01/2025	10/01/2025	0.00		43,795.85	(43,795.85)	0.00	(43,795.85)	
CCYUSD	US DOLLAR	10/10/2025	10/10/2025	0.00		87,500.00	(87,500.00)	0.00	(87,500.00)	
CCYUSD	US DOLLAR	10/14/2025	10/14/2025	0.00		129,000.00	(129,000.00)	0.00	(129,000.00)	
CCYUSD	US DOLLAR	10/15/2025	10/15/2025	0.00		39,000.00	(39,000.00)	0.00	(39,000.00)	

Transactions

City of Lacey | Total Aggregate Portfolio



December 31, 2025

Cusip	Security	Trade Date	Settlement Date	Coupon Payment	Price	Par Amount	Principal Amount	Accrued Amount	Total Amount	Broker
CCYUSD	US DOLLAR	10/28/2025	10/28/2025	0.00		60,000.00	(60,000.00)	0.00	(60,000.00)	
CCYUSD	US DOLLAR	10/30/2025	10/30/2025	0.00		58,820.00	(58,820.00)	0.00	(58,820.00)	
CCYUSD	US DOLLAR	10/31/2025	10/31/2025	0.00		263,961.41	(263,961.41)	0.00	(263,961.41)	
CCYUSD	US DOLLAR	11/13/2025	11/13/2025	0.00		17,875.00	(17,875.00)	0.00	(17,875.00)	
CCYUSD	US DOLLAR	12/01/2025	12/01/2025	0.00		380,312.50	(380,312.50)	0.00	(380,312.50)	
CCYUSD	US DOLLAR	12/08/2025	12/08/2025	0.00		71,250.00	(71,250.00)	0.00	(71,250.00)	
CCYUSD	US DOLLAR	12/09/2025	12/09/2025	0.00		75,000.00	(75,000.00)	0.00	(75,000.00)	
CCYUSD	US DOLLAR	12/10/2025	12/10/2025	0.00		106,250.00	(106,250.00)	0.00	(106,250.00)	
CCYUSD	US DOLLAR	12/11/2025	12/11/2025	0.00		35,000.00	(35,000.00)	0.00	(35,000.00)	
CCYUSD	US DOLLAR	12/12/2025	12/12/2025	0.00		494,352.78	(494,352.78)	0.00	(494,352.78)	
CCYUSD	US DOLLAR	12/15/2025	12/15/2025	0.00		463,409.17	463,409.17	0.00	463,409.17	
CCYUSD	US DOLLAR	12/22/2025	12/22/2025	0.00		79,687.50	(79,687.50)	0.00	(79,687.50)	
CCYUSD	US DOLLAR	12/23/2025	12/23/2025	0.00		65,625.00	(65,625.00)	0.00	(65,625.00)	
CCYUSD	US DOLLAR	12/29/2025	12/29/2025	0.00		44,500.00	(44,500.00)	0.00	(44,500.00)	
CCYUSD	US DOLLAR	12/30/2025	12/30/2025	0.00		40,000.00	(40,000.00)	0.00	(40,000.00)	
Total				0.00		1,628,520.87	(1,628,520.87)	0.00	(1,628,520.87)	
Interest Income										
WA_LGIP	WASHINGTON LGIP	10/31/2025	10/31/2025	170,491.79		0.00	170,491.79	0.00	170,491.79	
WA_LGIP	WASHINGTON LGIP	11/30/2025	11/30/2025	159,401.80		0.00	159,401.80	0.00	159,401.80	
WA_LGIP	WASHINGTON LGIP	12/31/2025	12/31/2025	131,182.94		0.00	131,182.94	0.00	131,182.94	
Total				461,076.53		0.00	461,076.53	0.00	461,076.53	

This report is for general informational purposes only and is not intended to provide specific advice or recommendations. Government Portfolio Advisors (GPA) is an investment advisor registered with the Securities and Exchange Commission and is required to maintain a written disclosure statement of our background and business experience.

Questions About an Account: GPA's monthly & quarterly reports are intended to detail the investment advisory activity managed by GPA. The custodial bank maintains the control of assets and settles all investment transactions. The custodial statement is the official record of security and cash holdings and transactions. GPA recognizes that clients may use these reports to facilitate record keeping and that the custodial bank statement and the GPA report should be reconciled, and differences documented.

Trade Date versus Settlement Date: Many custodial banks use settlement date basis and post coupons or maturities on the following business days when they occur on weekend. These items may result in the need to reconcile due to a timing difference. GPA reports are on a trade date basis in accordance with GIPS performance standards. GPA can provide all account settings to support the reason for any variance.

Bank Deposits and Pooled Investment Funds Held in Liquidity Accounts Away from the Custodial Bank are Referred to as Line Item Securities: GPA relies on the information provided by clients when reporting pool balances, bank balances and other assets that are not held at the client's custodial bank. GPA does not guarantee the accuracy of information received from third parties. Balances cannot be adjusted once submitted however corrective transactions can be entered as adjustments in the following months activity. Assets held outside the custodial bank that are reported to GPA are included in GPA's oversight compliance reporting and strategic plan.

Account Control: GPA does not have the authority to withdraw or deposit funds from or to any client's custodial account. Clients retain responsibility for the deposit and withdrawal of funds to the custodial account. Our clients retain responsibility for their internal accounting policies, implementing and enforcing internal controls and generating ledger entries or otherwise recording transactions.

Custodial Bank Interface: Our contract provides for the ability for GPA to interface into our client's custodial bank to reconcile transactions, maturities and coupon payments. The GPA client portal will be available to all clients to access this information directly at any time.

Market Price: Generally, GPA has set all securities market pricing to match custodial bank pricing. There may be certain securities that will require pricing override due to inaccurate custodial bank pricing that will otherwise distort portfolio performance returns. GPA may utilize Refinitiv pricing source for commercial paper, discount notes and supranational bonds when custodial bank pricing does not reflect current market levels. The pricing variances are obvious when market yields are distorted from the current market levels.

Performance Calculation: Historical returns are presented as time-weighted total return values and are presented gross and net of fees.

Amortized Cost: The original cost on the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discounts or premiums are amortized on a straight-line basis on all securities. This can be changed at the client's request.

Callable Securities: Securities subject to redemption in whole or in part prior to the stated final maturity at the discretion of the security's issuer are referred to as "callable". Certain call dates may not show up on the report if the call date has passed or if the security is continuously callable until maturity date. Bonds purchased at a premium will be amortized to the next call date while all other callable securities will be amortized to maturity. If the bond is amortized to the call date, amortization will be reflected to that date and once the call date passes, the bond will be fully amortized.

Duration: The duration is the effective duration. Duration on callable securities is based on the probability of the security being called given market rates and security characteristics.

Benchmark Duration: The benchmark duration is based on the duration of the stated benchmark that is assigned to each account.

Rating: Information provided for ratings is based upon a good faith inquiry of selected sources, but its accuracy and completeness cannot be guaranteed.

Coupon Payments and Maturities on Weekends: On occasion, coupon payments and maturities occur on a weekend or holiday. GPA's report settings are on the accrual basis so the coupon postings and maturities will be accounted for in the period earned. The bank may be set at a cash basis, which may result in a reconciliation variance.

Cash and Cash Equivalents: GPA has defined cash and cash equivalents to be cash, bank deposits, LGIP pools and repurchase agreements. This may vary from your custodial bank which typically defines cash and equivalents as all securities that mature under 90 days. Check with your custodial bank to understand their methodology.

Account Settings: GPA has the portfolio settings at the lot level, if a security is sold our setting will remove the lowest cost security first. First-in-first-out (FIFO) settings are available at the client's request.

Historical Numbers: Data was transferred from GPA's legacy system, however, variances may exist from the data received due to a change of settings on Clearwater. GPA is utilizing this information for historical return data with the understanding the accrual settings and pricing sources may differ slightly.

Financial Situation: In order to better serve you, GPA should be promptly notified of any material change in your investment objective or financial situation.

No Guarantee: The securities in the portfolio are not guaranteed or otherwise protected by GPA, the FDIC (except for non-negotiable certificates of deposit) or any government agency. Investment in securities involves risks, including the possible loss of the amount invested.





STAFF REPORT

Council Regular Meeting
February 17, 2026

Subject: Economic Development Work Program
To: Lacey City Council
Prepared by: Wesley Nguyen
Department Director: Vanessa Dolbee, CED Director
Reviewed By: Not Applicable
Final Review: Rick Walk, City Manager

10

RW

Purpose: Briefing

Recommendation: Review only.

Brief: Community and Economic Development staff will present the proposed two-year Economic Development work plan, as influenced by the final version of the Economic Development Strategic Plan and Council input provided during the December 9, 2025 work session. The briefing will include recommended actions for Council consideration and to advance to a City Council consent agenda at a future regular meeting for approval.

Alternatives:

1. Review the final version of the Economic Development Strategic Plan and the 2026/2027 Economic Development Work Program for approval as presented. Alternatively, the City Council may provide revisions to the work program. If revisions are required staff will amend the Work Program prior to City Council approval at a future regular meeting.

Prior Review:

Council Worksession - 12/9/2025 ([Link](#))
Council Worksession - 5/27/2025 ([Link](#))
Planning Commission – 10/22/2025 ([Link](#))
Planning Commission – 5/28/2025 ([Link](#))

Advisory Board Recommendation(s):

Planning Commission - Briefing – no action or recommendation.

Fiscal Impact:

Budgeted Item: Amendment required
Amount: \$1,846,000
Project Code:

Attachments:

1. Work Program 2026-2027
2. Economic Development Strategic Plan

Policy or Legal Alignment:

1. Council Work Plan: Create: Be the Place to Play, Live, Work and Gather
2. City of Lacey Comprehensive Plan

Economic Development Element:
Policy ED 2A – Collaborate with organizations such as the Thurston EDC, Port of Olympia, and other economic entities to foster a creative economy;
Policy ED-3A Encourage the sustainability and expansion of existing businesses while attracting new enterprises that reflect community values and provide living wage jobs;
Policy ED-4B Prioritize placemaking and multimodal connectivity investments in Midtown, Hawks Prairie Business District, and the Depot District; and
Policy ED-4C Lead efforts in Midtown to create vibrant spaces, boost economic growth, and enhance the neighborhood through strategic planning, innovative design, and collaboration with partners.

Background

On December 9, 2025, Community and Economic Development staff, together with the ECONorthwest consultant team, presented the Economic Development Strategic Plan to the Lacey City Council and requested Council input on the recommended actions. The Strategic Plan is a five-year framework that outlines how the City will strengthen and diversify the local economy, enhance quality of life, and position Lacey as a regional center for innovation and opportunity.

Based on Council feedback received on December 9, 2025, staff and the consultant team made minor refinements to the plan's goals and actions. The updated plan is included herein as attachment 2. City staff is asking the City Council to approve the Final Economic Development Strategic Plan via the consent agenda at a future Council Meeting.

Implementation Strategy

To establish next steps and to begin to implement the actions in the strategic plan, staff has prepared the attached a two-year Economic Development Work Program for 2026–2027. The Work Program identifies six priority actions with targeted implementation steps to be advanced over the next two years. The City will lead or partner on these efforts in collaboration with regional organizations, businesses, and community groups.

The Work Program also clarifies the City's roles and responsibilities in relation to its partners and establishes an implementation framework to track progress and prioritize initiatives based on impact, feasibility, and available resources.



The six (6) target actions prioritized in the Work Program are:

1. Action 1C: Communicate Lacey's economic identity with targeted investors and developers.
2. Action 1D: Continue to partner with the Port of Olympia and Thurston EDC to ensure the City of Lacey has dedicated access to Foreign Trade Zone (FTZ) expertise to support local businesses and raise awareness of FTZ benefits. Support local businesses and raise awareness of FTZ benefits.
3. Action 2B: Strengthen and Expand the City's Business Retention & Expansion (BRE) program.
4. Action 2C: Strengthen Regional Business Recruitment Support.
5. Action 3C: Invest in vibrant, year-round gathering spaces and community programming that enhance livability.
6. Action 3A: Support experiential retail, entertainment destinations, and creativity in Midtown.

These six target actions will serve as the foundation for implementation of the remaining actions identified in the Economic Development Strategic Plan during years three through five of the planning horizon.

Staff took careful consideration to advance Work Program items that can be implemented with limited additional investment dollars and/or capital expenses. Funding will be allocated out of a combination dedicated revenue and reserve sources. The following additional funding has been identified for specific actions:

1. Printing budget for brand development and marketing collateral; \$1,000
2. Staff training and recruitment events; up to \$15,000
3. Midtown Stakeholder Coalition contract with the EDC; \$30,000
4. Huntamer Park Plaza and Improvements; \$1,600,000
5. Placemaking public art project – artist commission, design, permitting and installation; \$200,000

The work program essentially serves as a roadmap for implementation and supports focused economic development efforts. This Work Program provides a timeline and allocation of limited staff resources and funding needs to manage workload efficiently and implement Economic Development priorities. While at the same time working to retain capacity on the team to continue to implement on-going Economic Development efforts such as:

1. Support for local businesses for the World Cup in 2026 & Canoe Journey,
2. Building connections and providing high quality customer services for new businesses and/or potential recruitment efforts,
3. Ensuring a boot(s) on the ground approach to connection with our business community, partnership coordination and relationship building,
4. Support for the Makerspace, updating our Economic Development web page and public facing information, and tracking economic trends.

City staff is asking the City Council to approve the two-year Economic Development Work Program via the consent agenda at a future Council Meeting.



GOAL 1

Define and promote Lacey’s economic identity.

Action 1C: Communicate Lacey’s economic identity with targeted investors and developers

Category	Work Item	Implementation Steps	Resources Needed	Start year
Brand Development	Develop and simplify Lacey’s economic vision into a clear brand and pitch	• Finalize economic development vision • Create concise brand messaging and visual identity • Develop pitch materials for investors and developers	Design tools; printing budget (\$1000) (Shannon)	2026
Investor Outreach	Meet with brokerage firms to promote Lacey’s brand and investment opportunities	• Identify and prioritize brokerage firms • Schedule meetings and presentations • Share Lacey’s strengths and investment opportunities • Follow up with tailored materials	Presentation materials (Wesley)	2026
Digital Presence	Maintain clear, accessible websites with opportunity site maps, permitting guides, and local data	• Audit current website content • Update and expand opportunity site maps • Add local economic data • Highlight key development projects and priority sites	Web development support (Shannon & Wesley)	On-going

Action 1D: Continue to partner with the Port of Olympia and Thurston EDC to ensure the City of Lacey has dedicated access to Foreign Trade Zone (FTZ) expertise to support local businesses and raise awareness of FTZ benefits. Support local businesses and raise awareness of FTZ benefits.

Category	Work Item	Implementation Steps	Resources Needed	Start year
Formalize Role	Meet with the Port of Olympia and Thurston EDC to formalize Lacey’s role and level of support for the shared FTZ position	• Schedule initial meeting with Port and EDC leadership • Update operating agreement and clarify role and responsibility	Scheduling tools; briefing materials (Wesley)	2026
FTZ Policy review	Review FTZ policy committee charter and operating agreement	• Connect with Port and EDC to obtain FTZ #216 Policy Committee Charter • Update policy committee charter		2026
Clarify Expectations	Clarify expectations for how the FTZ expert will support Lacey specifically	• Identify key support areas (staff resource, council updates, business outreach, website content) • Partner with the Port to establish expectations Execute agreement and distribute to stakeholders	Drafting templates	2026
Progress Reporting	Establish reporting mechanism	• Establish reporting schedule and format • Assign responsibility for report preparation • Conduct regular check-ins and adjust as needed	Reporting templates; meeting coordination tools	2026

GOAL 2

Expand Lacey’s local economy by supporting the growth of small businesses, entrepreneurs, existing and new employers.

Action 2B: Strengthen and Expand the City’s Business Retention & Expansion (BRE) program

Category	Work Item	Implementation Steps	Resources Needed	Start year
Food Truck Depot Site Update	Improve access and vendor experience at depot site	• Review and approve design plans • Coordinate with contractors during construction phase • Communicate updates to vendors	Capital improvement budget - \$100,000; construction management (Wesley)	2026
Business Materials	Develop a suite of business-facing materials including contacts, guidance, incentives, and testimonials	• Compile key city contacts and common business processes • Create step-by-step guides and incentive summaries • Translate materials into primary languages • Distribute at events, meetings, and through partner networks	Design software; translation services; printing budget	2027
Business Retention Activities (on-going)	Engage and support brick-and-mortar businesses	• Continue Mayor’s Welcome letters • Share updates and resources via Economic Development Newsletter Conduct site visits and meetings with business operators	Newsletter platform (Wesley)	On-going
Feedback Analysis	Regularly analyze business feedback to identify pain points.	• Collect feedback through surveys and BRE visits • Analyze data for trends in permitting, space, and infrastructure • • Use information to inform future docket items	Survey tools; data analysis software	On-going
Food Truck Project Operations	Manage vendors and support project operations	• Maintain vendor communication and scheduling • Monitor compliance with health and safety standards • Review impacts and implement improvements	Vendor management; compliance resources; budget \$54,400	On-going

Action 2C: Strengthen Regional Business Recruitment Support

Continue active engagement with Thurston EDC’s business recruitment team, maintain updated marketing collateral, establish internal processes, and participate in recruitment events.

Category	Work Item	Implementation Steps	Resources Needed	Start year
Regional Materials	Ensure Lacey’s sites, infrastructure, and workforce assets are reflected in regional promotional materials	• Provide updated site and infrastructure projects to EDC quarterly • Review Lacey’s representation in regional brochures and online platforms if appropriate	Design support (Shannon)	2026
Marketing Collateral	Maintain an updated one-pager showcasing priority sites and assets	• Draft and design one-pager with Communications team • Refresh content quarterly with updated site and workforce data • Distribute to site selectors and recruitment partners	Design software; printing budget - \$1000 (Shannon)	2026
Recruitment Events	Participate in recruitment conferences and events to attract businesses	• Identify key conferences and trade shows annually • Register and prepare marketing materials for events • Capture leads and follow-up actions after each event	Event registration fees; travel budget; marketing materials; Budget example for ICSC Recon in Las Vegas – \$15,000 (All EcDev Staff)	2026
Regional Engagement	Continue active engagement with Thurston EDC’s business recruitment team	• Attend quarterly EDC meetings and regional recruitment events • Host joint site visits with EDC and property owners • Collaborate on sector strategies aligned with Lacey’s priorities	Travel budget; meeting coordination tools (Wesley)	On-going

GOAL 3

Enhance quality of life and attract visitors and talent by investing in bold placemaking (local commercial hubs and community gathering spaces).

Action 3A: Support experiential retail, entertainment destinations, and creativity in Midtown

Category	Work Item	Implementation Steps	Resources Needed	Start year
Zoning Updates	Update land use and zoning codes to allow flexible, temporary uses in Midtown	• Review current zoning and land use codes • Draft amendments for temporary uses (pop-ups, festivals, outdoor markets) • Conduct public hearings and adopt changes	Legal review; stakeholders’ engagement (Shannon)	2026
Midtown Stakeholder Coalition	Establish a working group of local stakeholders to coordinate programming, events, and marketing	• Partner with the EDC to recruit businesses, artists, students, and property owners/district stakeholders • Define roles and responsibilities • Schedule regular meetings and develop event calendar	Meeting space; marketing materials; contract with EDC – \$30,000	2026
Huntamer Park Update	Enhance urban living in Midtown through park improvements	• Collaborate with Parks Department on design • Finalize design in 2026 • Begin construction in 2027 (pending funding)	Capital improvement budget - \$1.6 mil; design consultants; interdepartmental coordination (Shannon)	2026 (2027+)
Public Art and Placemaking	Begin effort to place an art piece in College St & 7 th Ave Roundabout	• Identify and confirm location specifications with Public Works • Develop project scope	Project budget - \$200,000; artist commission; permitting fees; installation equipment	2027

Action 3C: Invest in vibrant, year-round gathering spaces and community programming that enhance livability

Category	Work Item	Implementation Steps	Resources Needed	Start year
Food Truck Depot Feasibility Study	Conduct long-term feasibility study for depot	• Finalize RFQ and release bid • Manage contract and consultant deliverables • Present updates and outcomes to leadership	Project Budget - \$84,000	2026
Storytelling & Recruitment	Highlight third space developments in talent and business recruitment messaging	• Partner with Communications to development story-telling campaign • Publish content on website and social media	Design tools; photography services	2027
Night Market Series	Manage bi-weekly events from April to October	• Confirm event calendar and vendor list (theme events) • Coordinate logistics (permits, setup, security) • Promote events via social media and city channels • Collect feedback and adjust programming Contract event coordinator for 2027 2028 market season	Event budget - \$74,800 (2 years); marketing materials; contractor coordination	On-going, (contract end in Nov 2026)
Event Activation	Deepen City engagement in existing events by collaborating with partners to activate parks and underused spaces	• Support grant program (out of City Manager's Office) • Support Parks, Culture, and Rec Department by highlighting their cultural events in newsletter and other media outlets	Marketing materials; grant program budget - \$25,000	On-going

Lacey 2030: Innovation,
Opportunity, Community

ECONOMIC DEVELOPMENT STRATEGIC PLAN

November 2025

Prepared by



Prepared for

CITY
OF **LACEY**





ACKNOWLEDGMENTS

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That assistance notwithstanding, ECONorthwest is responsible for the content of this report. The staff at ECONorthwest prepared this report based on their general knowledge of economic development, community assets, housing, employment, and regional economies. ECONorthwest staff contributing to this study included Brittany Bagent, James Kim, and Mackenzie Visser. ECONorthwest also relied on information derived from government agencies, private statistical services, the reports of others, interviews of individuals, or other sources believed to be reliable. Any statements nonfactual in nature constitute the authors' current opinions, which may change as more information becomes available.

For more information about this report please contact:

Brittany Bagent

bagent@econw.com

ECONorthwest

503-200-5062





INTRODUCTION

Lacey, Washington, has a unique role in the Puget Sound region.

Known for its balance of business accessibility, a welcoming environment, and relative affordability, Lacey offers residents and businesses an attractive place to plant roots and grow. Its location near the state capitol in Olympia and easy access to Interstate 5, neighboring communities, and the Port of Olympia strengthen its appeal as both a well-connected community and a center for industrial and commercial growth.

Now, thanks to the City's past economic development plans and efforts, Lacey is a rising leader in the region that is set up for success. In recent years, Lacey has become the largest city and a new center for growth in Thurston County. Industrial developments in Hawks Prairie have attracted new jobs and households. The City is plugged into effective collaborations with businesses and economic development community partners across Thurston County. Small businesses, microenterprises, immigrants, and diverse groups of people are coming to Lacey to start their new chapters.

Lacey can lean into this momentum to further shape its future. Lacey's residents and businesses are eager to celebrate its diversity and growth which sets them apart from neighboring cities. Entrepreneurs who want affordable spaces and growing businesses that want new talent, may not yet see the opportunities in Lacey, but that will begin to change as the City continues to promote its local strengths. People are longing for local destinations and new experiences rather than outdated commercial and business districts. To fully realize its potential, Lacey will need an economic development strategy that strengthens its visibility across the region and positions it as a destination for innovation, opportunity, and community life.

KEY GOALS OF THE STRATEGY



- 1 Define and promote Lacey's economic identity.**
- 2 Expand Lacey's local economy by supporting the growth of small businesses, entrepreneurs, existing and new employers.**
- 3 Enhance quality of life and attract visitors and talent by investing in bold placemaking.**

This economic development strategic plan builds on data analysis and stakeholder engagement to develop a series of actions the City can implement in the next 5 years.



PURPOSE OF THE STRATEGY

This strategy provides a clear, practical framework and specific actions for the City's economic development efforts over the next five years.

It is designed to be both aspirational and action-oriented, outlining a long-term vision while giving City staff, elected leaders, and organizational partners a framework to prioritize their work, coordinate effectively, and measure progress.

Economic development is inherently collaborative—duplicating efforts or working in isolation can dilute impact and limit outcomes. This strategy aligns the work of multiple partners and targets Lacey's resources toward the most impactful projects and programs. By combining data-informed analyses, deep community engagement, and a shared vision for the future, the economic development strategy positions Lacey to strengthen its role as a regional leader and a place where people choose to live, work, and invest.

The strategy and its actions are aligned with the City's long-term vision and priorities and it is informed by multiple discussions with key stakeholders, partner organizations, and an Advisory Group established to discuss early research then refine recommendations. It establishes a common understanding between the City staff and community members, and it prioritizes the City's next steps to build a thriving economy in a changing world.

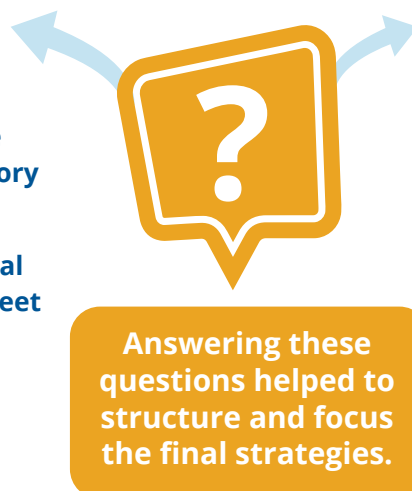
KEY QUESTIONS ADDRESSED IN THE STRATEGY

Effective strategic plans begin by asking the right questions.

In Lacey's case, the Advisory Group and project team explored what the City's next wave of economic growth could and should look like. The questions shaped the strategy's structure and focus, ensuring it responds directly to Lacey's unique opportunities and challenges.

Some questions were forward-looking...

- ◆ **What policies and investments could shape Lacey's economic trajectory over the next decade?**
- ◆ **How can older commercial areas be revitalized to meet changing market needs?**
- ◆ **What industries and retail sectors offer the best opportunities for diversification?**



Others were grounded in the City's existing strengths and activities...

- ◆ **Which programs—like training, business advisory services, community events, and direct business support—should continue or expand?**
- ◆ **Where are there gaps that could require new initiatives or partnerships?**



RESEARCH AND ANALYSIS

A successful strategy must be built on a clear understanding of local conditions.

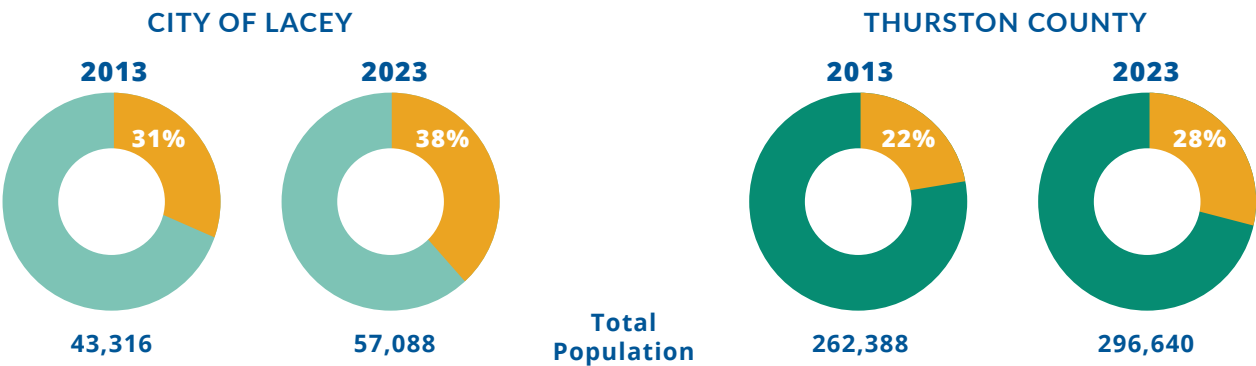
The City’s economic profile reveals a number of defining trends. Highlights from the demographic and economic analysis (Appendix B) are discussed below.

DEMOGRAPHIC DIVERSITY

Lacey is becoming **more diverse**, with a population that is getting **older** and households that are getting **smaller**.

Growing diversity Is a regional trend Lacey can embrace.

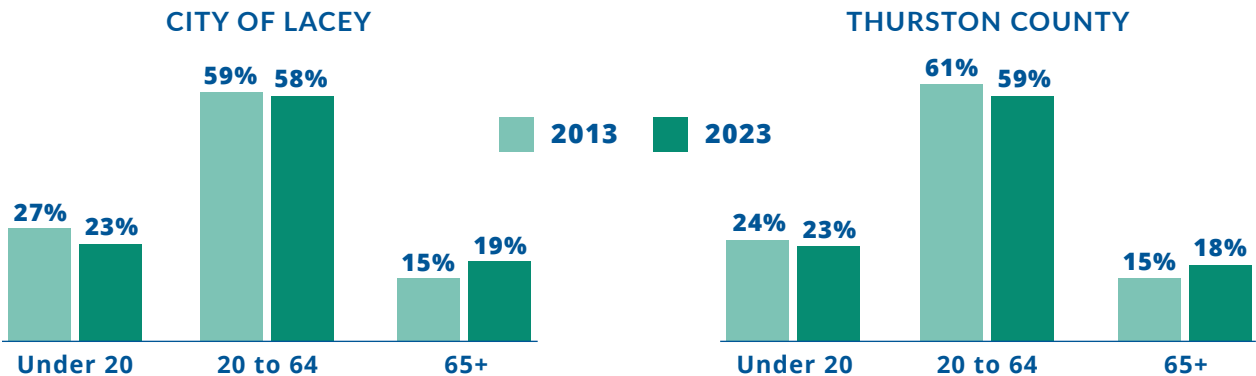
Exhibit 1. Share of People Identifying as Not White



Source: ACS 5-year estimates, DP05

Lacey’s recent growth has been led by older adults ages 65 and up.

Exhibit 2. Share of Residents by Age Category



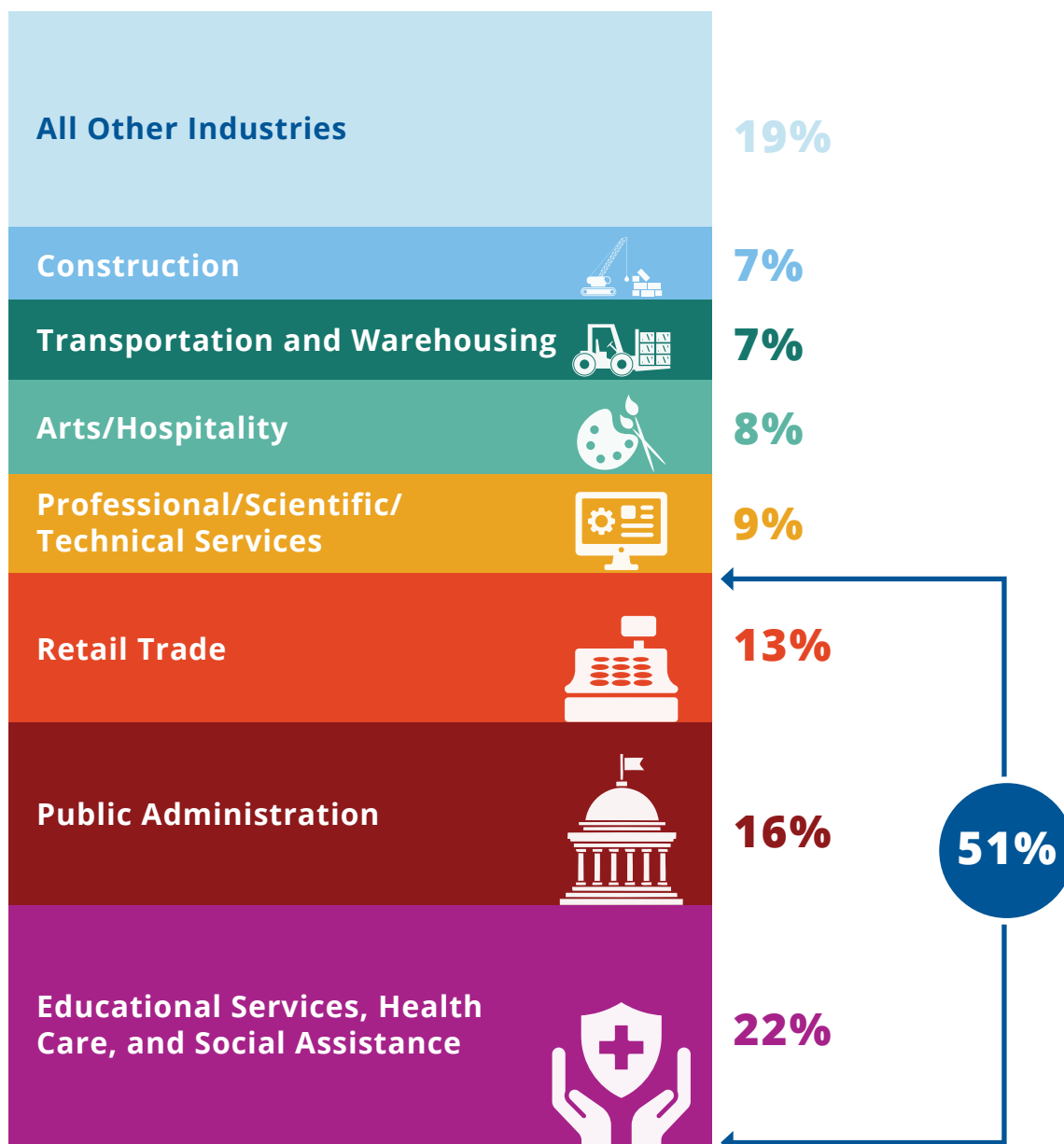
Source: ACS 5-year estimates, DP05

INDUSTRY AND EMPLOYMENT

About half of Lacey residents work in **retail, government, education, and healthcare**. More diverse employment opportunities can support greater economic resilience and upward mobility.

Lacey's workers are concentrated in a few key sectors.

Exhibit 3. Employment Industries of Lacey Residents

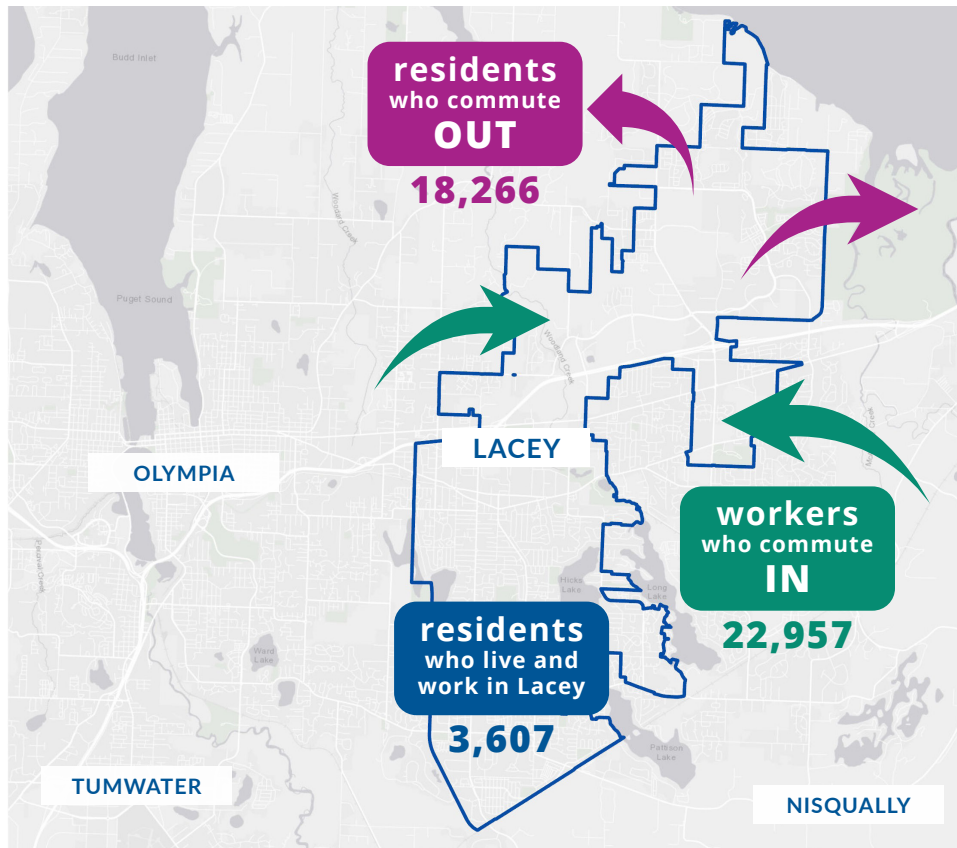


Source: ACS 5-year estimates, DP03

REGIONAL CONNECTIVITY

Like many cities in Washington, most residents commute out for work and most workers commute in from elsewhere, reflecting Lacey's integration into the **regional economy**.

Exhibit 4. Commute Patterns of Lacey Workers



RETAIL DYNAMICS

There are opportunities to meet Lacey residents' demand for **local dining** and **shopping**.

Exhibit 5. Retail Consumption Patterns

People **come** to Lacey for...

General Merchandise
Building Materials
Groceries
Sporting Goods
Jewelry

People **leave** Lacey for...

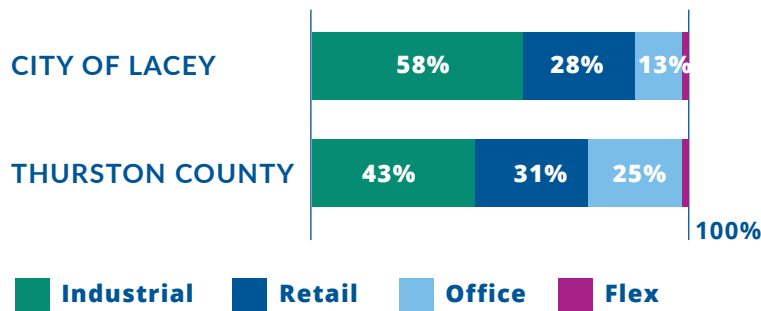
Restaurants and Cafés
Clothing Stores
Specialty Markets/Groceries
Entertainment and Leisure
Auto Dealers

REAL ESTATE MARKET

Certain areas such as Hawks Prairie are thriving and commanding higher commercial rents, while others like Lacey Midtown are in transition and poised for revitalization.

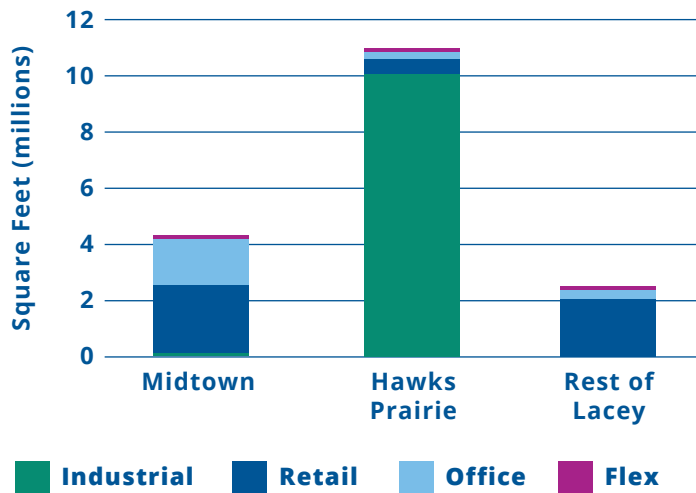
Industrial growth in Hawks Prairie has led to the need for a new focus on retail and/or office.

Exhibit 6. Types of Commercial Real Estate



Source: CoStar, March 2025

Exhibit 7. Commercial Real Estate Inventory by Planning Area



Source: CoStar, March 2025



KEY ENGAGEMENT THEMES

The consultant team conducted a series of **twelve in-depth stakeholder interviews** to gather insights on opportunities, challenges, and priorities directly from organizations and community members involved in the local and regional economy. The outreach and stakeholder interviews surfaced four consistent themes. These themes are reflected in the strategy framework, where they translate directly into goals and targeted actions. Additional details about engagement themes are available in Appendix C.

1. ELEVATING LACEY'S VISIBILITY AND IDENTITY

Lacey is viewed as the region's economic growth center, yet its identity could be more visible and clearly communicated to attract investment and talent.

Actions 1A, 1B, and 1C in this strategy focus on defining and promoting Lacey's economic identity, celebrating its diversity through cultural events, and adopting an economic development strategy that reflects community values.

2. STRENGTHENING AND SUPPORTING LACEY'S WORKFORCE

Lacey's location, relative affordability, and quality of life attract workers, but recruitment and retention are challenged by housing and childcare gaps.

This strategy calls for convening partners working in education, workforce, and industry to align training with local needs, designating liaisons to strengthen employer relationships, and exploring targeted incentives to support priority occupations.

Actions 1D, 2A, 2B, 2C, and 2D support employers and workers in Lacey.



3. CREATING VIBRANT SPACES AND COMMUNITY AMENITIES

Distinct neighborhoods, upgraded infrastructure, and community events are strengths, but more dining, entertainment, and gathering spaces are needed to enhance livability.

Actions include activating underused spaces with pop-up retail or cultural programming, strengthening year-round event calendars, and advancing placemaking projects in key commercial hubs. **Actions 3A, 3B, 3C, and 3D** align with this theme about placemaking.

4. EXPANDING OPPORTUNITIES FOR SMALL BUSINESSES

Stakeholders praised Lacey's approachable business support and programming, but they noted there is limited affordable space for small and micro-enterprises.

The action matrix includes expanding platforms like the Night Market, improving connections between entrepreneurs and resources, and exploring creative approaches to affordable commercial space development. **Actions 1A, 2A, 2B, 2D, 3A, 3B, 3C, and 3D** can support small business growth.



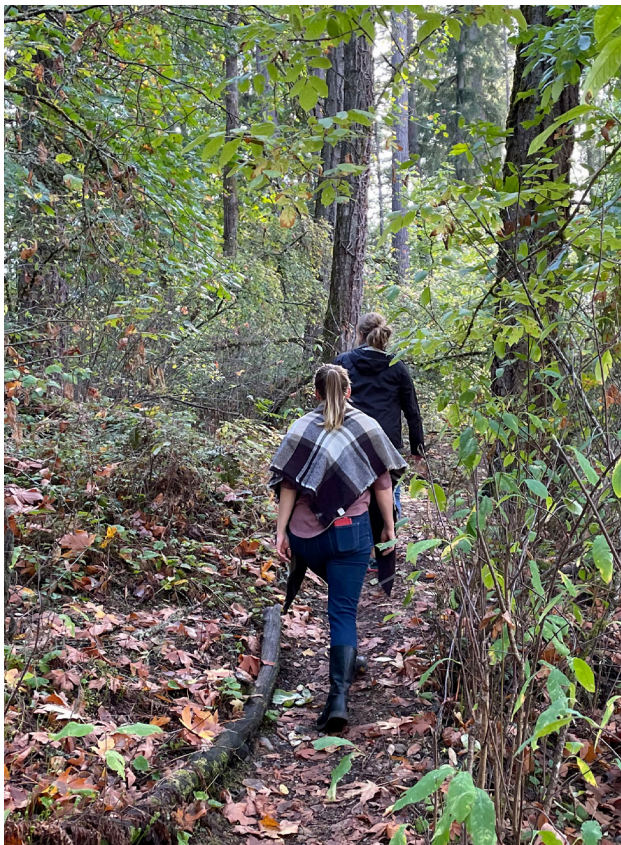


SWOT SUMMARY

To ground Lacey's economic development strategies in reality, the Advisory Group assessed Lacey's **strengths, weaknesses, opportunities, and threats (SWOT)**.

The SWOT exercise provided an opportunity for the Advisory Group to collectively reflect on Lacey's unique strengths, current challenges, and the external trends shaping its economic future. While the research and analysis presented earlier offers important insights, it is often lagging and incomplete. For that reason, it was critical to supplement the research with the on-the-ground perspectives of local leaders.

By engaging diverse voices, the SWOT process ensured that the strategic plan was grounded in both quantitative evidence and the lived experience and expertise of community stakeholders. This exercise was not only important for surfacing consensus around the City's competitive advantages and areas of vulnerability, but also for fostering shared ownership of the plan. The insights generated through the SWOT analysis directly informed the development of strategies and actions which helped to ensure they were realistic, targeted, and responsive to both opportunities and risks identified by those closest to the local economy.

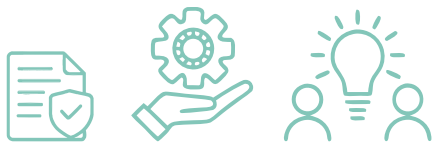




STRENGTHS

Localized assets and advantages the community can build upon.

- ◆ Lacey's location near Joint Base Lewis-McChord (JBLM), the state capital, and Pierce County and direct access to I-5 provide a clear advantage for both employers and residents.
- ◆ The City has a reputation for being business-friendly and supportive of entrepreneurs, with resources such as Thurston EDC Center for Business and Innovation and Lacey MakerSpace supporting small businesses and microenterprises.



OPPORTUNITIES

External trends or conditions the community can leverage.

- ◆ Ensuring diverse representation in public gatherings and highlighting multicultural retailers can reinforce Lacey's identity as an inclusive and welcoming place.
- ◆ Lacey can attract new residents leaving larger cities by leveraging its location and lower cost of living.
- ◆ Lacey can incentivize entrepreneurs to stay and build out a more robust creative economy.
- ◆ Targeted efforts can attract industries that provide higher-paying jobs and diversify the local economy.

WEAKNESSES

Internal limitations or gaps that hinder performance.

- ◆ From the perspective of residents and visitors, Lacey does not have a clear central business hub or a main street area, making it harder to establish a strong identity or a focal point.
- ◆ Long-term growth might be difficult to sustain with limited industry diversity and relatively fewer higher-paying jobs.
- ◆ There is also a perception that younger people are moving out of Lacey, highlighting the importance of amenities that support quality of life.

THREATS

External challenges or risks that could negatively impact success.

- ◆ The lack of a clear brand identity and cultural center may leave Lacey vulnerable to being overshadowed by neighboring communities that are growing and diverse.
- ◆ Economic factors outside the City's control such as tariffs and infrastructure condition of I-5 can affect travel and access to/from the city.
- ◆ Shifting politics and the changing preferences of younger generations may also reshape expectations for how the city grows and evolves.

DRAFT VISION STATEMENT

Building on the SWOT analysis and information learned through engagement, the Advisory Group and the project team developed a draft vision statement for the economic development strategy. The draft vision statement captures the community's aspirations for Lacey's long-term future and sets the tone for the actions described in the strategy. It also guides the recommended priorities, investments, and partnerships. The City of Lacey can work with local stakeholders to finalize an economic development vision statement that reflects Lacey's identity and strengths. (See Action 1B for more information.)

By 2045, Lacey will be a vibrant city with an authentic identity in a rapidly changing region where everyone can live, work, shop, play, and imagine a better future.

Fueled by innovation, creativity, diversity, and regional collaboration, Lacey will cultivate a resilient economy that broadens opportunity and supports shared prosperity. Thriving small businesses, a supportive business culture, and local commercial hubs integrated into surrounding neighborhoods will create spaces for gathering, daily needs, and bold placemaking.





STRATEGY FRAMEWORK

The strategy creates a clear framework that connects goals to specific actions and implementation plans. This framework helps prioritize work, coordinate efforts, and adjust course as needed.

1

Define and promote Lacey's economic identity.

It responds to the call for a stronger identity and visibility.

2

Expand Lacey's local economy by supporting the growth of small businesses, entrepreneurs, existing and new employers.

It builds on the entrepreneurial energy in the community while proactively supporting businesses that want to expand in Lacey.

3

Enhance quality of life and attract visitors and talent by investing in bold placemaking.

It focuses on place-based investments that make Lacey's neighborhoods and commercial areas vibrant and connected.



ACTIONS

Strategic actions that support economic development goals.



DESCRIPTIONS

Each action in the matrix is paired with a short description that explains the rationale behind its inclusion. This field provides additional context, outlines the reasoning and thought process, and clarifies language that may be technical, industry-specific, or unfamiliar to broader audiences. The goal is to make the intent of each action clear, accessible, and easier to understand within the overall strategy.



METRICS

Each action includes suggested metrics to help staff and partners track progress. In the first year of implementation, staff should establish a baseline for each metric. From there, set realistic goals for year-over-year change, whether that means doubling business participation, steadily increasing community engagement, or another measurable outcome. With these metrics in place, staff can more easily see which actions are advancing as intended and which may require additional focus or resources.



RECOMMENDED NEXT STEPS

This section outlines concrete, sequenced actions for the City and its partners to pursue. The sequencing suggests some next steps can be easier to accomplish earlier, while other actions may need to wait until later in the five-year implementation period. Staff can begin each step and highlight dependencies where certain actions should come first. Priorities and resources may shift over time, so adjustments to the timeline should be expected.



RECENT ACCOMPLISHMENTS

Identified for each action is a recent City action that is related to the action. The examples show that the actions align with City's previous or ongoing efforts.

ROLES



City Lead: The City will serve as the primary lead for implementation of designated actions, meaning that staff will be responsible for initiating, coordinating, and driving the effort forward. Responsibilities may include setting timelines, advocating for resources, facilitating stakeholder engagement, and ensuring accountability. The City will often leverage external support and will be the central organizing force and decision-maker.

City Support: In this role, the City will not lead the action directly but will play a meaningful supporting role alongside a partner organization or agency. Support may include helping to convene stakeholders, provide staff time or communication support, advocate for policy change, or contribute financial or other in-kind resources.



Partners: A list of key organizations is included, but this list is not exhaustive. Staff and project leads should regularly revisit and expand the list of partners throughout implementation to ensure that the right voices are at the table, particularly those representing emerging industries and evolving local priorities.



Resources: Each action will require a different level of effort from the City. Some will require reprioritizing existing resources, while others may require new expenditures.

\$ Build on existing policies/programs

\$\$ Establish new policies/programs

\$\$\$ Capital expenditures



Best Practices: Other cities have successfully implemented similar actions, offering concrete examples for Lacey to learn from. These examples show how communities addressed comparable challenges and achieved measurable results. When staff find an example relevant, they should contact the project or initiative leads directly to learn how they designed the program, what they discovered during implementation, and what they would do differently.



IMPLEMENTATION AND TIMELINE

Implementing this strategy means turning shared aspirations into tangible results.

Many of the actions in **Appendix A** are designed to produce early wins, including visible changes or initiatives in the first 12 to 18 months that demonstrate progress and build momentum. Examples include expanding the Night Market, hosting cultural celebrations that highlight diversity, launching business outreach campaigns, and piloting new placemaking projects.

Over time, more complex initiatives such as exploring a new indoor food and cultural gathering space, pursuing affordable commercial space strategies, and aligning workforce training systems will create lasting impact. Regular progress reviews, transparent reporting, and adaptive management will keep the strategic plan relevant and ensure that Lacey remains on track toward its vision.

Implementation is expected to occur over three phases:

- ◆ **Year 1:** Launch foundational actions and build momentum.
- ◆ **Years 2-3:** Deepen partnerships and scale programs.
- ◆ **Years 4-5:** Evaluate and adapt; continue progress.

The City will lead implementation in close partnership with regional organizations, businesses, and community groups. Clear roles, established timelines, and measurable outcomes will keep the work coordinated and accountable. By treating this strategic plan as a living tool that is adaptable yet focused, Lacey can position itself for a dynamic and resilient economic future.

NEXT STEPS FOR CITY COUNCIL

- »»» **Identify staffing resources**
- »»» **Prioritize key actions**
- »»» **Establish a work program**

This strategy document identifies 12 targeted actions that could be implemented over the next 5 years. However, not all actions can be implemented at once, and the current economic development staffing level may be insufficient. **To fully implement the actions that the City would lead, the City would need to acquire or reassign a City staff member.**

In the meantime, the City can select a shorter list of actions that could be implemented with existing City resources. The City's economic development team can then create a work program to prioritize the key actions. Once additional resources become available, the team can pursue remaining actions or improve the quality of delivering the prioritized actions.



**Lacey 2030: Economic
Development Strategic Plan**

APPENDIX A

GOAL 1: DEFINE AND PROMOTE LACEY'S ECONOMIC IDENTITY**ACTION 1A: Celebrate and promote Lacey's diversity with cultural events and community storytelling that bring people into the city**

Lacey's population and businesses are growing more diverse which is a distinctive economic asset that enhances the city's competitiveness, cultural vibrancy, and appeal to new residents, visitors, entrepreneurs, and employers. Lacey is viewed as being an inclusive and welcoming place, but these strengths are not always messaged or widely known outside of the community. To fully leverage this strength, the City should develop and implement a public narrative that elevates diversity as a core part of Lacey's economic identity. This narrative can reinforce the City's values, strengthen civic pride, and attract businesses and talent seeking an inclusive environment.

 Metric	Number of city-sponsored cultural events (estimate attendees when feasible)
 Recommended Next Steps	1. Expand on the Night Market and other community events by adding rotating cultural themes. 2. Create a "Faces of Lacey" entrepreneur series by profiling diverse small business owners and startup founders in newsletters and digital platforms. 3. Develop a diversity-forward marketing campaign on the City's website that highlights Lacey's diverse businesses, cultural events, and community leaders through storytelling and testimonials.
 Recent Accomplishments	The Night Market recently hosted a themed cultural event that drew over 10,000 people.
 City Role	City lead
 Potential partners to engage	Thurston EDC, Port of Olympia, St. Martin's University, business owners, Night Market, and local cultural and heritage-based organizations
 Resources	\$ (Building on existing policy/program)
 Best Practice Location(s)	Bellevue, Bothell, Redmond, Shoreline, National
 Best Practice Description	Cities have strengthened their economic development strategies by weaving diversity and inclusivity into their public identity. For example, national efforts like Welcoming Week, launched by Welcoming America, provide a framework for communities to highlight inclusivity through events that foster connection between immigrants and non-immigrants.
 Best Practice Web Link	https://welcomingamerica.org/initiatives/welcoming-week

GOAL 1: DEFINE AND PROMOTE LACEY'S ECONOMIC IDENTITY**ACTION 1B:**
Define and adopt an economic development vision

Lacey is the largest city in Thurston County and now has both assets and partnerships that can play a stronger regional role. There are regional growth opportunities Lacey is well-positioned for. At the same time, most community members and stakeholders want the city's identity to be focused on local commercial hubs, businesses, and gathering spaces that serve city residents. To move forward with clarity, the City needs to define a shared strategic direction for economic growth.

 Metric	Number of leaders and community members engaged in the visioning process
 Recommended Next Steps	1. Convene City Council members and senior department leads for a facilitated workshop to arrive at a common understanding of Lacey's economic identity and its neighborhood identities and define a vision for economic development building on the vision in Lacey's Economic Development Strategy. 2. Ask community members and local employers for their input on the vision statement via a survey and/or public meetings. 3. Integrate into the city's economic development planning and decision-making processes a refined version of the vision statement.
 Recent Accomplishments	Through the Economic Development Strategy process, developed draft language for an economic development vision.
 City Role	City lead
 Potential partners to engage	Community members, small and large employers, branding experts
 Resources	\$ (Building on existing policy/program)
 Best Practice Location(s)	Boise, ID
 Best Practice Description	Boise's Vista Vision Neighborhood Plan shows the importance of adopting a clear vision statement to guide economic development and placemaking. City leaders recognized that without a unifying identity, the corridor's growth risked being fragmented, so they created a shared statement that established priorities and rallied stakeholders.
 Best Practice Web Link	https://www.cityofboise.org/media/2108/vista_neighborhood_plan.pdf

GOAL 1: DEFINE AND PROMOTE LACEY'S ECONOMIC IDENTITY**ACTION 1C: Communicate Lacey's economic identity with targeted investors and developers**

Lacey can strengthen its investor and developer recruitment by clearly communicating its vision and brand. For those looking to deploy their capital, community identity and vision are key factors they consider—alongside market conditions and financial feasibility.

 Metric	Number of investors and developers engaged in economic identity work
 Recommended Next Steps	1. After developing an economic development vision, simplify it into a clear brand and integrated into a pitch to communicate with potential investors and developers. 2. Meet with brokerage firms that offer advisory services to tell them about Lacey's brand and strengths and how they can invest capital that complements local businesses. 3. Maintain clear, accessible websites with opportunity site maps, permitting guides, and local data.
 Recent Accomplishments	Lacey is leading Thurston County's national rankings (#1 for density of middle class, #2 for hotspot for economic growth, #2 for women's business travel destination, and #8 for overall economic performance)
 City Role	City lead
 Potential partners to engage	Thurston EDC
 Resources	\$\$ (Starting new policy/program)
 Best Practice Location(s)	Tacoma, WA
 Best Practice Description	Tacoma has successfully advanced its investor recruitment efforts by creating a prospectus for its Opportunity Zone, giving investors a concise and compelling profile of economic opportunities. This clear communication of vision and assets helps investors quickly understand where and how to direct their capital.
 Best Practice Web Link	https://makeittacoma.com/wp-content/uploads/2019/03/Tacoma-OZ-Prospectus-Final-1.pdf

GOAL 1:**DEFINE AND PROMOTE LACEY'S
ECONOMIC IDENTITY**
ACTION 1D: Continue to partner with the Port of Olympia and Thurston EDC to ensure the City of Lacey has dedicated access to Foreign Trade Zone (FTZ) expertise to support local businesses and raise awareness of FTZ benefits.

Foreign Trade Zone designation can be a powerful tool to help Lacey businesses compete globally by reducing costs, streamlining customs processes, and attracting new investment. With the Port of Olympia and Thurston EDC moving forward on a shared FTZ staff position, it is essential that Lacey is a visible and proactive partner. This ensures city staff, council, and local businesses have a direct resource to navigate FTZ opportunities, while positioning Lacey as a leader in leveraging trade tools to grow jobs and expand its economic base.

 Metric	Number of Lacey businesses engaged on FTZ opportunities annually and at least two updates provided to City Council per year on FTZ outreach and outcomes
 Recommended Next Steps	1. Review FTZ policy committee charter and operating agreement 2. Meet with the Port of Olympia and Thurston EDC to clarify roles, expectations, and communication protocols and document them in an MOU 3. Schedule biannual progress reports to City Council and regular check-ins with city staff to ensure alignment and accountability.
 Recent Accomplishments	Staff reviewed with the Port the FTZ process. There is ongoing coordination with the Port and the EDC.
 City Role	City support
 Potential partners to engage	Port of Olympia, Thurston EDC
 Resources	\$ (Building on existing policy/program)
 Best Practice Location(s)	Everett, WA
 Best Practice Description	Everett has strengthened its trade and logistics sector by partnering with the Port of Everett and Snohomish County to jointly market its Foreign Trade Zone (FTZ). The City also hosts quarterly business roundtables, creating an accessible forum to answer questions and build stronger relationships with companies interested in international trade.
 Best Practice Web Link	https://lynnwoodtimes.com/2024/07/02/foreign-trade-zone-roundtable/

GOAL 2:

EXPAND LACEY'S LOCAL ECONOMY BY SUPPORTING THE GROWTH OF SMALL BUSINESSES, ENTREPRENEURS, EXISTING AND NEW EMPLOYERS



ACTION 2A: Empower and scale home-based businesses and microenterprises by leading them through microenterprise accelerator programs.

Home-based businesses and microenterprises are often led by women, immigrants, and BIPOC entrepreneurs, and they form a vital and growing part of Lacey's economy. Thurston EDC's business assistance programs would help businesses formalize their operations, increase their business capacity, and transition into storefronts. The City can encourage small and new businesses to grow by helping them prepare for and participate in the EDC's programs. The City can also leverage the Washington State Cottage Food Law to support food-based businesses operating from home.

 Metric	Number of participating home-based businesses and microenterprises
 Recommended Next Steps	1. Provide coaching and technical assistance for businesses interested in joining the Night Market or participating in Thurston EDC's business assistance programs like Washington APEX Accelerator, Business Enterprise Startup Training (BEST), Quick Startup, and Pop-Up Markets. 2. Collaborate with Thurston EDC, Lacey MakerSpace, and Pacific Mountain Workforce Development Council to tailor curriculum for home-based businesses and microenterprises, covering topics such as licensing, branding, digital marketing, zoning, and cottage food production rules. 3. Build relationships with local foundations or landlords who might be willing to provide discounted pop-up spaces for program participants. 4. Consider providing interpretation, translation, and childcare as needed to reduce barriers to participation in business assistance programs. 5. Recognize and celebrate program graduates. Invite program alumni to mentor future participants or co-host events to build a peer support network.
 Recent Accomplishments	Coordinated with the EDC to clarify roles and identify unique actions that the City can take.
 City Role	City lead
 Potential partners to engage	Thurston EDC, Lacey South Sound Chamber, Thurston County Chamber, Night Market, PacMountain, Makerspace, credit unions, and Enterprise for Equity
 Resources	\$\$ (Starting new policy/program)
 Best Practice Location(s)	Thurston County, WA
 Best Practice Description	The Washington APEX Accelerator assists businesses through the government-contracting marketplace. The EDC participates with the Pierce County microenterprise accelerator program and provides mentoring, counseling, and technical assistance for positioning small businesses for government contracting opportunities.
 Best Practice Web Link	https://businessresources.thurstonedc.com/programs/washington-apex-accelerator

GOAL 2:

EXPAND LACEY'S LOCAL ECONOMY BY SUPPORTING THE GROWTH OF SMALL BUSINESSES, ENTREPRENEURS, EXISTING AND NEW EMPLOYERS



ACTION 2B: Strengthen and Expand the City's Business Retention & Expansion (BRE) program by creating a business resource navigation team

To ensure that Lacey's existing businesses remain a vital and growing part of the local economy, the City should formalize and expand its Business Retention & Expansion (BRE) program by establishing a Business Resource Navigation Team. This team would serve as a proactive, cross-functional unit that coordinates directly with city departments and regional partners to support businesses navigating site expansion, permitting, workforce challenges, and infrastructure needs. This may require designating a special projects position. The desired outcome for this action is to ensure that Lacey expands job opportunities with living wages so employees can afford to live and work in the city.

 Metric	Number of business owners that City of Lacey's BRE team meets with and offers support
 Recommended Next Steps	1. Designate a Business Resource Navigation Lead position that can coordinate city resources and regularly coordinate with partner organizations. 2. Identify a network of people that can function as the Business Resource Navigation Team as needed. Include representatives from city departments and regional partners and setup a protocol for quick internal coordination when businesses identify barriers. 3. Develop a suite of business-facing materials including key city contacts, step-by-step guidance for common business needs, available incentives or programs, and local testimonials to build visibility. Consider translating materials into primary languages spoken throughout Lacey then distribute materials when meeting with targeted businesses, at City events, and through partner networks. 4. Regularly analyze business feedback to identify pain points in permitting, space constraints, or infrastructure investments and share findings with Council to guide zoning reforms, tenant improvement incentives, or flexible land use policy updates.
 Recent Accomplishments	Coordinated with the EDC to clarify roles and identify unique actions that the City can take.
 City Role	City lead
 Potential partners to engage	Thurston EDC, Thurston County Chamber
 Resources	\$ (Building on existing policy/program)
 Best Practice Location(s)	Spokane Valley, WA
 Best Practice Description	Spokane Valley created a Rapid Response Team to fast-track projects, helping businesses navigate permitting, public works, planning, and other processes to quickly establish or expand their operations. This initiative was especially effective in supporting the launch of the American Aerospace Materials Manufacturing Center Tech Hub, ensuring employers had direct assistance to overcome barriers and accelerate investment.
 Best Practice Web Link	https://aerospacetechhub.com/phase-2-pr/ Other city resources: https://www.spokanevalleywa.gov/178/Business-Resources

GOAL 2:

EXPAND LACEY'S LOCAL ECONOMY BY SUPPORTING THE GROWTH OF SMALL BUSINESSES, ENTREPRENEURS, EXISTING AND NEW EMPLOYERS



ACTION 2C: Strengthen regional business recruitment support

Lacey should continue its active role in business recruitment efforts while also ensuring that the City's own economic development goals are reflected in regional outreach and attraction strategies. The City should also be prepared to respond quickly to direct inquiries from prospective businesses by sharing tailored information and connecting them with the Thurston EDC.

 Metric	Number of businesses that relocate to Lacey resulting from recruitment support
 Recommended Next Steps	1. Continue active engagement with Thurston EDC's business recruitment team by attending events, hosting joint site visits, and collaborating on sector strategies that align with Lacey's priorities. 2. Work with Thurston EDC to ensure Lacey's available sites, infrastructure investments, and workforce assets are reflected in regional promotional materials. 3. Maintain an updated concise, visually compelling one-pager that showcases priority development sites, infrastructure strengths (i.e. I-5 access, utilities, broadband), workforce pipeline, and business friendly policies so materials are ready for site selectors and businesses that reach out. 4. Establish a clear internal process for handling relocation or expansion inquiries ensuring timeline and coordinated responses, then connect interested businesses with the Thurston EDC for deeper discussions. 5. Build Lacey's economic development expertise by participating in conferences and other professional development events targeted toward practitioners.
 Recent Accomplishments	There is ongoing coordination with the EDC.
 City Role	City support
 Potential partners to engage	Thurston EDC
 Resources	\$ (Building on existing policy/program)
 Best Practice Location(s)	Portland, OR
 Best Practice Description	Prosper Portland's Business Advancement Team provides direct support to businesses who sell goods and services outside of the region and provide additional programming for businesses in the city's target industries. The team focuses on attracting traded sector businesses through recruitment and expansion support and growing traded sector jobs while supporting diverse hiring. They lead this work in partnership with regional organizations charged with bi-state business recruitment including Greater Portland Inc.
 Best Practice Web Link	https://prosperportland.us/our-work/business-advancement-team/

GOAL 2:

EXPAND LACEY'S LOCAL ECONOMY BY SUPPORTING THE GROWTH OF SMALL BUSINESSES, ENTREPRENEURS, EXISTING AND NEW EMPLOYERS

**ACTION 2D:**

Partner to strengthen the region's childcare ecosystem

Access to affordable, high-quality childcare is critical to workforce participation, talent retention, and inclusive economic growth. Businesses across the region have identified childcare as a top barrier for employee recruitment and stability. Therefore, the City of Lacey should actively partner with regional stakeholders leading solutions that address childcare availability and affordability, especially as implementation of new state legislation accelerates.

 Metric	Number of priority sites identified to support childcare in Lacey
 Recommended Next Steps	1. Support Thurston EDC and ReadyNation's business roundtables via outreach to employers, developers and providers. 2. Coordinate with the City's Planning Department to identify potential regulatory adjustments and anticipate needs related to infrastructure or site design. 3. Identify and promote priority sites for childcare development by considering small-scale or mixed-use models to expand access. 4. Share information about available incentives and technical assistance for new or expanding childcare operators.
 Recent Accomplishments	There is ongoing coordination with the EDC. In compliance with SB 5509, the City is updating its development regulations to allow childcare centers in more places.
 City Role	City support
 Potential partners to engage	Thurston EDC, Thurston Childcare Action Council
 Resources	\$ (Building on existing policy/program)
 Best Practice Location(s)	Walla Walla Valley, WA
 Best Practice Description	The Walla Walla Valley addressed childcare barriers through a multi-sector partnership that brought together cities, business leaders, school districts, and health systems to advocate for and invest in childcare solutions. This collaboration aligned local governments, employers, and education providers to better match services with site-specific needs while reflecting community values.
 Best Practice Web Link	https://outsidewallawalla.com/grow-them-wild/

GOAL 3

ENHANCE QUALITY OF LIFE AND ATTRACT VISITORS AND TALENT BY INVESTING IN BOLD PLACEMAKING (LOCAL COMMERCIAL HUBS & COMMUNITY GATHERING SPACES)



ACTION 3A: Support experiential retail, entertainment destinations, and creativity in Midtown with investments in public spaces and zoning code updates that allow temporary uses

Lacey's Midtown has served as a local hub for workers, shoppers, students, and visitors. As the area transitions from traditional shopping and employment uses to an innovation district, the City needs to help create spaces where people visit frequently and for multiple reasons.

 Metric	Number of pop-ups, festivals, and outdoor markets permitted per year
 Recommended Next Steps	1. Update land use and zoning codes to allow mixed-use development and flexible, temporary uses in Midtown such as pop-ups, festivals, and outdoor markets. 2. Invest in public spaces that support social interaction, activate the nighttime economy and promote walkability through features like lighting, plazas, and interactive art. 3. Establish a Midtown Experience Council or working group of local stakeholders (businesses, artists, students, property owners) that can coordinate programming, events, and marketing. This inaugural volunteer group would last 12 to 24 months.
 Recent Accomplishments	Development Procedures code update will be modifying an existing chapter of the city code to allow for more temporary uses. Council has prioritized efforts to upgrade park, develop banners.
 City Role	City lead
 Potential partners to engage	City staff, MJR, Capital Development Company
 Resources	\$\$\$ (Capital expenditures)
 Best Practice Location(s)	Everett, WA; Tacoma, WA
 Best Practice Description	Everett's Special Event Permit Program has helped transform its urban districts into vibrant destinations by simplifying the process for hosting activities ranging from block parties to concerts. By making events easier to organize, the city encourages frequent, diverse community gatherings that draw residents and visitors alike. Tacoma has activated its urban districts by simplifying the permitting process for temporary uses of the public right-of-way, making it easier for businesses, organizations, and community members to host pop-up events and activities. This flexibility has allowed neighborhoods to test new ideas, bring people together, and create lively, people-centered spaces.
 Best Practice Web Link	https://www.everettwa.gov/195/Special-Events https://www.tacomavenues.org/special-events-and-film-permits

GOAL 3

ENHANCE QUALITY OF LIFE AND ATTRACT VISITORS AND TALENT BY INVESTING IN BOLD PLACEMAKING (LOCAL COMMERCIAL HUBS & COMMUNITY GATHERING SPACES)



ACTION 3B: Activate the Karen Fraser Trail as a catalyst for Depot District revitalization

The Karen Fraser Trail is a significant asset that is under-leveraged in the City's placemaking and economic development toolkit. Enhancing this trail segment can increase foot traffic, support small business visibility, improve public safety and aesthetics, and elevate the Depot District's appeal to residents, visitors, and entrepreneurs. The City should invest in trail-facing improvements to invite engagement between the trail and adjacent businesses. These improvements can strengthen the neighborhood's identity, promote healthy and outdoor recreation, and build stronger economic linkages between the Food Truck Depot and nearby retail and services.

 Metric	Number of new art installations along Karen Fraser Trail
 Recommended Next Steps	1. Design a pilot program that provides technical assistance to property owners and business owners adjacent to the trail for improvements including facade enhancements, signage, and public art, landscaping, lighting, and outdoor seating. 2. Issue a call for public art and trail activation strategies from local artists to create murals, sculptures, or interactive signage along the corridor. 3. Explore partnership opportunities with Olympia Federal Savings and other community lenders to create a low-interest loan program for implementation. 4. Program seasonal events or pop-up activations to encourage trail usage and increase business visibility.
 Recent Accomplishments	The City has not yet decided on an economic development action related to trails.
 City Role	City lead
 Potential partners to engage	Olympia Federal Savings and other community lenders
 Resources	\$\$\$ (Capital expenditures)
 Best Practice Location(s)	Bellingham, WA
 Best Practice Description	Bellingham leveraged its waterfront trail system through Waypoint Park & Waterfront Trail Events, activating the area with rotating pop-ups, art markets, food trucks, and live performances. This strategy tied into broader redevelopment goals while generating immediate visibility, momentum, and entrepreneurial opportunities in a transitioning district.
 Best Practice Web Link	https://www.bellingham.org/explore-bellinghams-waterfront-

GOAL 3

ENHANCE QUALITY OF LIFE AND ATTRACT VISITORS AND TALENT BY INVESTING IN BOLD PLACEMAKING (LOCAL COMMERCIAL HUBS & COMMUNITY GATHERING SPACES)



ACTION 3C: Invest in vibrant, year-round gathering spaces and community programming that enhance livability

Quality of life is a key driver of economic competitiveness. To retain and attract talent, make memorable places for visitors, and create more opportunities for small businesses, Lacey should invest in spaces that enhance livability and strengthen neighborhood identities. Building on the success of the Food Truck Depot and events such as the Night Market, the City can expand its presence in “third spaces” and explore new destinations that support connections, entrepreneurship, and a strong sense of place.

Metric	Number of “third spaces” identified or programmed
Recommended Next Steps	1. Deepen City engagement in existing events by collaborating with partners to activate parks and underused spaces for programming that reflects Lacey’s cultural diversity. 2. Work with planners to identify and assess a potential permanent location for the Food Truck Depot that provides access, visibility, and proximity to complementary uses such as housing and parks. 3. Explore the potential for an indoor destination such as a food hall, taproom, incubator, cultural market, or hybrid event venue by assessing demand and financial viability and potential anchor tenants. 4. Highlight third space developments in talent and business recruitment messaging and use storytelling to position Lacey as a vibrant, inclusive place for talent.
Recent Accomplishments	The City has started the process for a feasibility study of a permanent food truck plaza
City Role	City lead
Potential partners to engage	City staff, neighborhood groups, businesses, event coordinator, Thurston EDC, small businesses
Resources	\$\$\$ (Capital expenditures)
Best Practice Location(s)	Tumwater, WA
Best Practice Description	Tumwater’s Craft District demonstrates how investing in “third spaces” can strengthen community identity and create new opportunities for entrepreneurship. By clustering multiple vendors around a central common area, including breweries, restaurants, bakeries, and boutique services, the Craft District offers both a destination for visitors and a hub of everyday activity for residents.
Best Practice Web Link	https://www.experienceolympia.com/directory/tumwater-craft-district/

GOAL 3

ENHANCE QUALITY OF LIFE AND ATTRACT VISITORS AND TALENT BY INVESTING IN BOLD PLACEMAKING (LOCAL COMMERCIAL HUBS & COMMUNITY GATHERING SPACES)



ACTION 3D: Support development by providing incentives for local businesses throughout the city

For many small businesses and new business owners, a key barrier is the cost of getting started. They often need small spaces to test their ideas before growing their businesses. Near-term costs may seem daunting for entrepreneurs who are not certain about how soon they will reach profitability. The city can assist in this process for businesses in targeted neighborhood-centered commercial hubs.

 Metric	Number of new business licenses processed for local business owners
 Recommended Next Steps	1. Offer permit fee waivers or utility rebates (water, sewer, stormwater) to property owners who lease at below-market rents to small or underrepresented businesses (e.g., BIPOC-owned, first-time business owners). 2. Explore operating a pilot program for year-round pop-up shops that offer spaces under 100 sq. ft. 3. Identify place-based eligibility requirements to ensure City-supported new businesses are located in commercial corners of neighborhoods that lack strong identity.
 Recent Accomplishments	The Night Market has been a low-barrier path for food service businesses to get started.
 City Role	City lead
 Potential partners to engage	City staff, small business owners
 Resources	\$\$\$ (Capital expenditures)
 Best Practice Location(s)	Mesa, AZ Bothell, WA
 Best Practice Description	Mesa, Arizona, has supported entrepreneurship in its Midtown district by offering development incentives, including expedited permit reviews and reduced water rates, to lower the barriers for new businesses. These tools give small businesses and startups the breathing room they need to test ideas and grow while keeping near-term costs manageable. Bothell's Pop Shops on Main program helps new entrepreneurs start by providing an affordable space, shared utilities, and technical resources. Instead of paying traditional rent, participants contribute a small share of their monthly revenue while also gaining access to business workshops, peer roundtables, and coaching.
 Best Practice Web Link	https://www.mesaaz.gov/Business-Development/Urban-Transformation/Downtown-Incentives https://www.bothellwa.gov/Faq.aspx?QID=752



**Lacey 2030: Economic
Development Strategic Plan**

APPENDIX B

Appendix B: Lacey Demographic and Economic Analysis

Lacey 2030: Innovation, Opportunity, Community

Economic Development Strategic Plan 2026-2030

This document presents a summary of current demographic and economic conditions that will shape Lacey's future growth and development. This analysis is the first step in a broader analysis of Lacey's economic landscape. Next steps involve interviews with business community members and the development of an economic development strategy. This work also aligns with the timeline and goals of Lacey's ongoing Comprehensive Plan update.

Key findings

Demographic and housing trends in Lacey reveal shifting community needs and opportunities for targeted policy responses. Lacey is becoming increasingly diverse with a growing share of Hispanic/Latino and foreign-born residents. Additionally, the city's aging population is expanding at a faster rate than the county's, suggesting a need for targeted senior services and amenities. The rental housing market also tells two stories: the housing stock is slightly more affordable compared to the rest of the county and attractive for workers in the region, and there are many senior living communities that meet a specific demand.

However, the city's workforce patterns demonstrate a heavy reliance on nearby employment centers, with most residents commuting outside Lacey for work, especially in health care and government sectors. Moreover, the largest employers in Lacey are in retail, government, and education industries, and there is a greater concentration of industrial space (i.e., warehousing and distribution) in Lacey. These economic patterns point to a continued need for transportation investments to support Lacey's economic growth. They also suggest a potential need to diversify the employment base by attracting higher-wage jobs.

Lacey's economy remains highly dependent on sales tax revenue, which has become more pronounced over the past decade and now comprises nearly half of the city's total tax revenue (general fund). However, retail leakage persists in key categories. Because other cities in Washington are also reliant on sales tax revenue, Lacey must continue to compete for more retail spaces and activities. This makes it difficult to prioritize attracting employers in higher-wage industries.

Resident surveys and other data show that many people frequently leave Lacey for specialty markets, higher-quality restaurants and cafés, clothing, entertainment (e.g., bookstores, theaters), and personal services (e.g., salons, medical), highlighting the need for a more diverse and attractive retail environment that reflects more closely the ongoing demographic shifts in Lacey. The city’s commercial real estate market reflects similar dynamics. While retail demand is strong in areas like Hawks Prairie, vacancy issues remain in Lacey Midtown.

Still, because Lacey operates in a regional economy, many people living outside Lacey shop in Lacey’s general merchandise stores. For example, about half of visitors to Lacey’s shopping areas originate from Olympia, while around 20 percent originate from Lacey.

Lacey’s economic profile is shaped by a high reliance on external employment centers, especially in health care and government sectors, with the majority of residents commuting outside the city for work. Sales tax remains the city’s largest revenue source, driven partly by construction activity and partly by general merchandise, which generates many visits and sales from people living outside Lacey. But there are retail leakages in categories such as restaurants, auto dealerships, and apparel. The city’s commercial real estate market reflects these dynamics: industrial space (in Hawks Prairie) is in strong demand, retail lease rates are comparatively high, and office and retail vacancies remain concentrated (in Lacey Midtown). These geographic variations provide context for further analysis of future development opportunities and inform considerations for strategic planning and investment.

The proposed Quiemuth Village development may be a part of the answer. The development could add retail spaces while improving retail diversity. Moreover, it could be a catalyst for other developments near it. There are ongoing constructions and development proposals for retail, hotel, and residential uses on surrounding properties. In the short-term, these developments could generate new sales tax revenues from construction and furnishing activities. In the long-term, they can add to the City’s sales tax revenues from retail and lodging tax revenues. New housing would not only generate more property taxes but also create the demand to support the new retail spaces. When more information about the proposed Quiemuth Village development is available, the City should re-evaluate the mix of retail, residential, and non-residential uses and consider complementary land uses and economic opportunities that could locate around the Quiemuth Resort and Village projects.

This document is organized into the following sections.

1. Community Context (page 3)
2. Economic Context (page 8)
3. Retail Development Opportunities (page 13)



4. Commercial Real Estate Inventory and Trends (page 19)
5. Implications of Quiemuth Village Development (page 26)

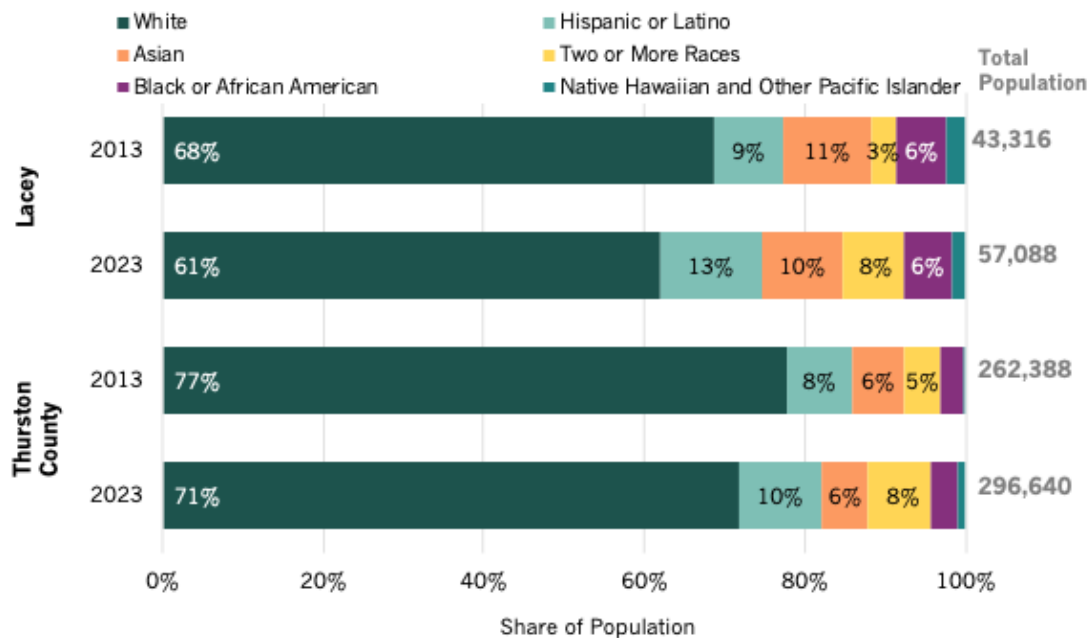


1. Community Context

Since 2013, Lacey has become more diverse, with a growing share of Hispanic or Latino residents and foreign-born residents. While household incomes have risen, they have not kept pace with the rest of Thurston County, suggesting economic growth has been somewhat slower in the city. This trend may be influenced by a rising senior population, a slight increase in single-person households, and a lack of notable increase in the share of people completing a bachelor’s degree or higher compared to the county. Also, rental units are more prevalent, and housing prices are lower in Lacey. These factors indicate Lacey is a growing community that is experiencing demographic shifts while being positioned as more affordable and less cost-prohibitive compared to the rest of Thurston County.

Population Demographics

Exhibit 1. Race/Ethnicity by Geography, 2013-2023



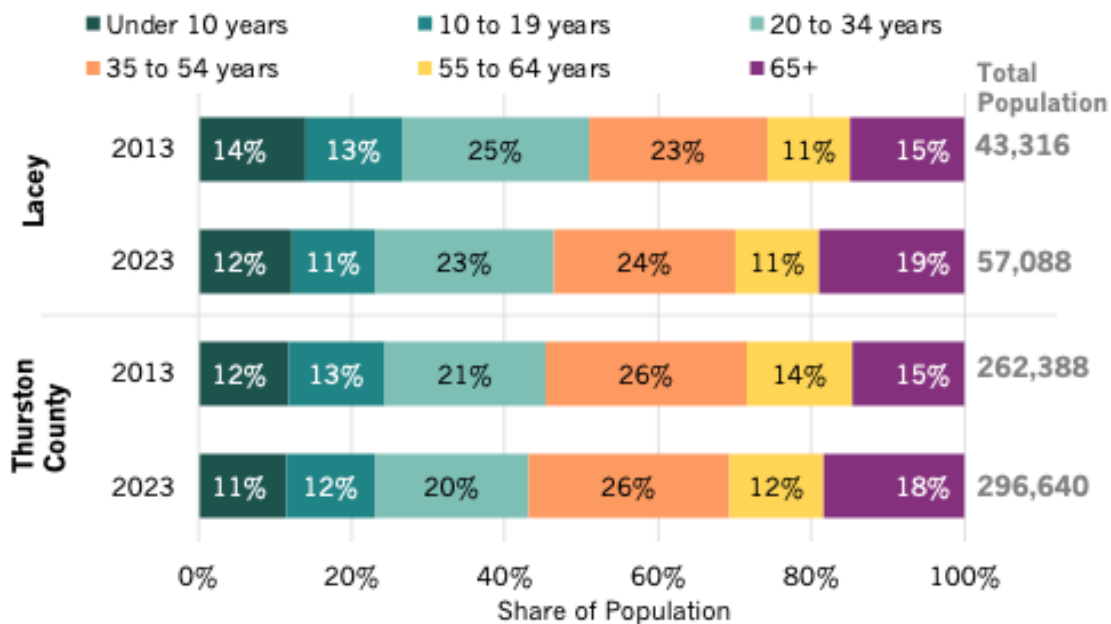
Source: ACS 5-year estimates, DP05.

Over the past 10 years Lacey and Thurston County saw a decline in the share of White population, decreasing 7 percentage points in Lacey and 6 percentage points in the county. During the same period, the Hispanic or Latino population grew more in Lacey (from 9 percent to 13 percent) than in Thurston County (from 8 percent to 10 percent), highlighting a faster rate of diversification in the city.



These trends suggest that both the city and county are becoming more racially and ethnically diverse, and Lacey experienced a slightly more pronounced demographic shift.

Exhibit 2. Age Distribution by Geography, 2013-2023



Source: ACS 5-year estimates, DP05.

Between 2013 and 2023, both Lacey and Thurston County experienced a slight decline in younger populations (those under 34 years). The senior (65+) population increased in both areas, indicating an aging trend. The senior population in Lacey is growing at a slightly faster pace. If current trends continue, seniors could account for 23 percent of Lacey’s population by 2050, outnumbering residents under age 18.¹

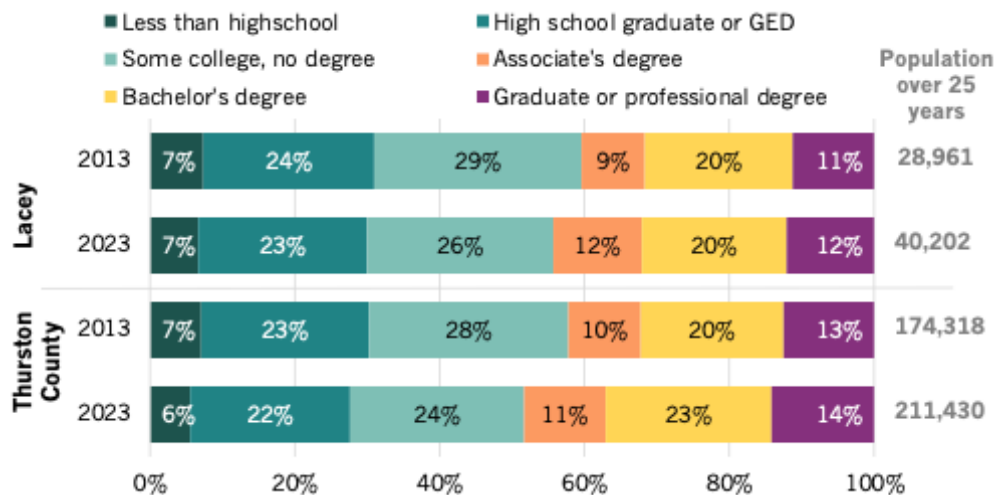
Educational Attainment

Educational attainment has stayed relatively stable since 2013. Thurston County showed a slight increase in higher education levels, particularly in bachelor’s degrees. However, Lacey showed a slight increase in associate’s degrees. This trend suggests that while educational attainment is slowly changing in the region, the educational profile is slightly different in Lacey. This may have implications for the types of jobs and skillsets that are growing.

¹ EConorthwest’s population projection tool using cohort change ratio.



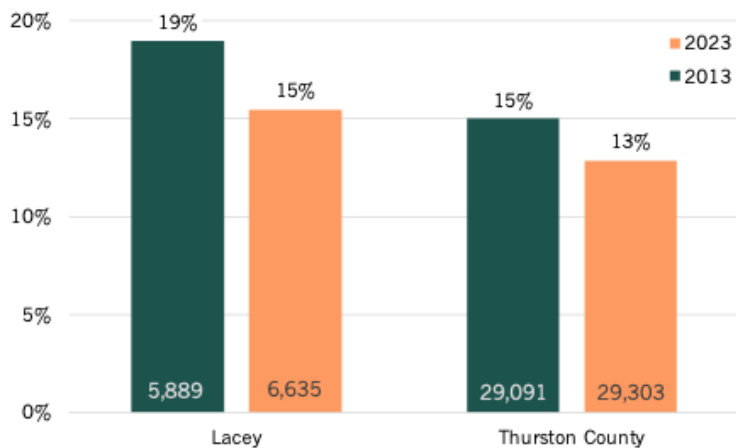
Exhibit 3. Educational Attainment by Geography, 2013-2023



Source: ACS 5-year estimates, S1501

Specific Population Characteristics

Exhibit 4. Veteran Share of Population over 18

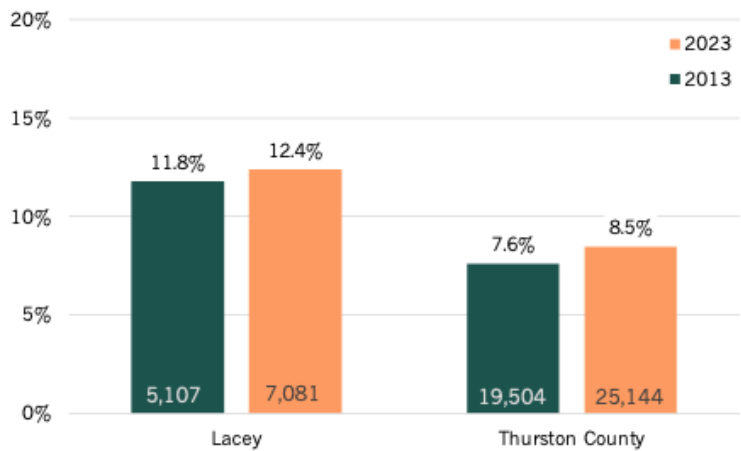


Source: ACS 5-year estimates, DP02

Lacey and Thurston County both experienced a decline in the share of veterans between 2013 and 2023, with Lacey dropping from 19 to 15 percent and the county decreasing from 15 to 13 percent. Given Lacey's proximity to Joint Base Lewis-McChord (JBLM), the city has historically had a higher veteran population. However, the decline in veteran representation may reflect broader demographic shifts, including an aging veteran population and fewer transitioning service members settling in the area.



Exhibit 5. Foreign Born Share of Population over 18

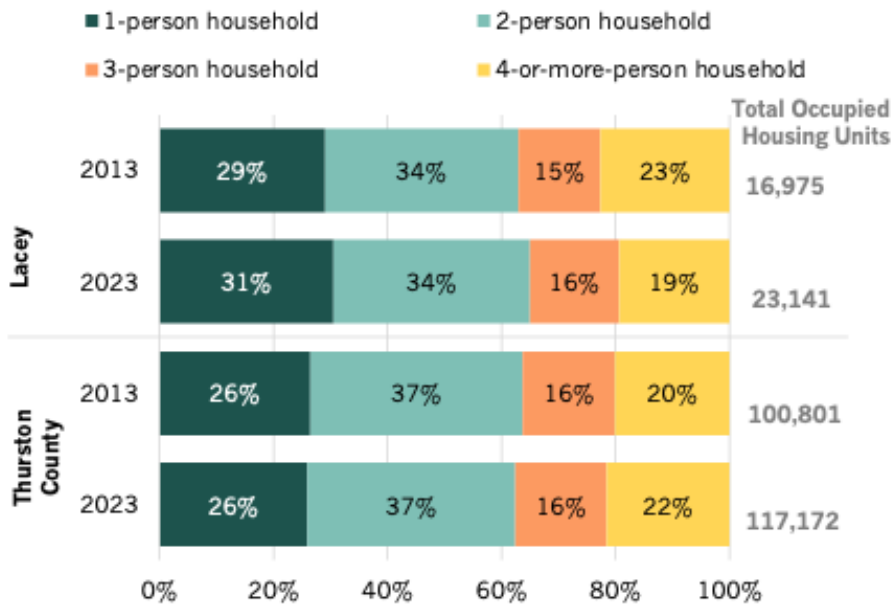


Between 2013 and 2023, the foreign-born population increased in both Lacey and Thurston County, with Lacey rising from 11.8 to 12.4 percent and the county from 7.6 to 8.5 percent. The increase in foreign-born residents suggests a growing diversity in the region, potentially contributing to shifts in local workforce and cultural dynamics.

Source: ACS 5-year estimates, DP02

Household Characteristics

Exhibit 6. Household Size by Geography, 2013-2023



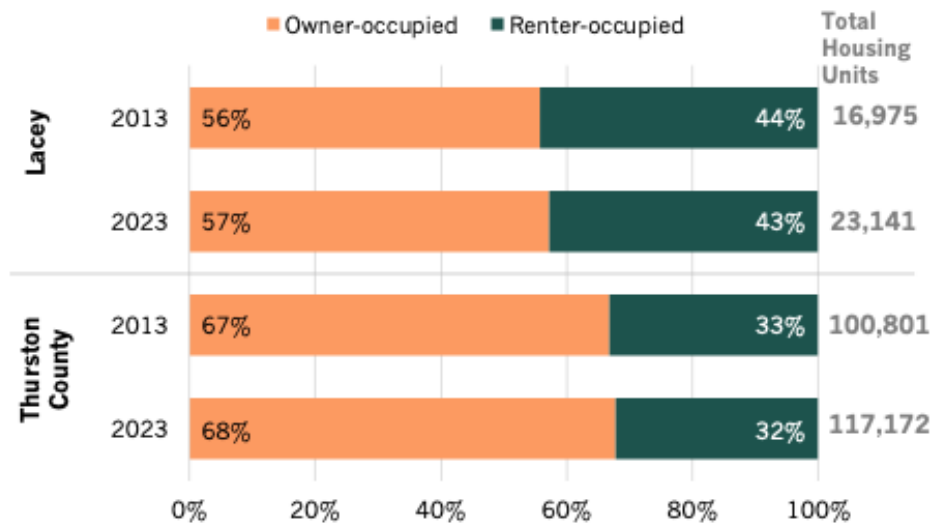
Household composition in both Lacey and Thurston County remained relatively stable between 2013 and 2023, with two-person households continuing to be the most common. Lacey saw a slight increase in one-person and three-person households, while the share of four-or-more-person households declined from 23 to 19 percent, indicating a small shift toward smaller households.

Source: ACS 5-year estimates, S2501

Despite these minor changes, overall household size distributions have remained consistent, even as the total number of occupied housing units grew in both the city and county.



Exhibit 7. Household Tenure by Geography, 2013-2023



Lacey has a higher proportion of renter-occupied housing (43 percent) compared to Thurston County (32 percent). The ratio of renters to owners has stayed consistent in both Lacey and Thurston County over the past 10 years.

Source: ACS 5-year estimates, DP04

Housing Prices

Mortgage payments and housing sales prices in Lacey are generally lower than in Thurston County.

Exhibit 8. Mortgage Payments and Home Sales Price, 2025

	AVERAGE MONTHLY MORTGAGE PAYMENT	MEDIAN SALES PRICE
Lacey	\$2,075	\$510,000
Thurston County	\$2,200	\$540,000

Source: ACS 5-year estimates, DP04; Redfin, March 2025

Typical rent payments also tend to be lower in Lacey than in Thurston County. As suggested by the numbers Exhibit 9, the rents of many units in Lacey are somewhat lower than similar units in Thurston County, on average. One-bedroom units tend to be much lower because there are many older, smaller units. But the average rents in Lacey's senior living communities are much higher. These units skew the average rent in Lacey upwards.

Exhibit 9. Average Asking Rent Per Unit

	STUDIO	1 BEDROOM	2 BEDROOMS	3 BEDROOMS
Lacey, Excluding Senior Living	\$1,423	\$1,182	\$1,710	\$1,963
Thurston County	\$1,525	\$1,552	\$1,783	\$2,057
Difference	-7%	-24%	-4%	-5%



	STUDIO	1 BEDROOM	2 BEDROOMS	3 BEDROOMS
Lacey, Senior Living Only	\$3,285	\$3,509	\$3,823	N/A

Source: CoStar, March 2025

Household Income

Exhibit 10. Median Household Income and Compound Annual Growth Rate

Geography	Median Household Income		
	2013	2023	CAGR
Lacey	\$ 58,800	\$ 87,300	4.0%
Thurston County	\$ 62,200	\$ 94,000	4.2%

Source: ACS 5-year estimates, DP03.

Median household incomes in both Lacey and Thurston County have grown between 2013 and 2023. Thurston County retained a consistent higher median household income over the 10-year period.

The compound annual growth rate (CAGR) for household income in Lacey was 4.0 percent, slightly lower than Thurston County's 4.2 percent, indicating that while both areas experienced strong income growth, households in Lacey experienced a slightly slower pace.



2. Economic Context

Lacey operates in a regional economy where people cross jurisdictional borders for work. This is more pronounced in Lacey likely because there are large public sector and health care employers in Olympia, such as the state government, Providence St. Peter Hospital, and Kaiser Permanente.

Unemployment Rate

The unemployment rate is an indicator of the strength of the labor force. While a rate that is specific to Lacey is not available, regional figures can suggest the health of Lacey’s workforce. The unemployment rate in Thurston County was 4.6 percent by the end of 2024. While this level is similar to the statewide average, it is noticeably higher than in the Seattle metropolitan area, which tracks with the national average.

Exhibit 11. Unemployment by Region, December 2024

REGION	UNEMPLOYMENT RATE
Thurston County	4.6%
Washington	4.5%
Seattle-Tacoma-Bellevue Metropolitan Area	4.0%

Data Source: Washington Employment Security Department

Employers and Employment

According to the City’s latest annual financial report, the largest employers in Lacey are in the following industries²:

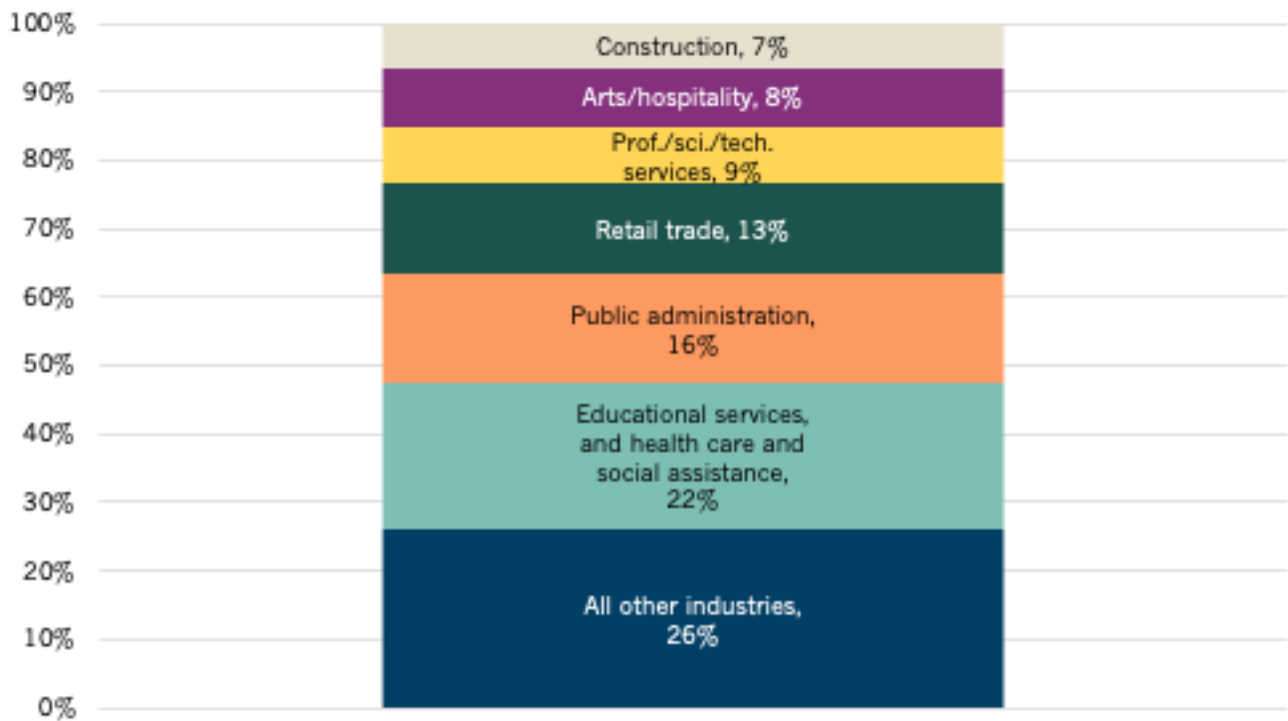
- ◆ Retail (12.1 percent of local employment): For example, Amazon, PetSmart, Harbor Wholesale, Medline Industries, and Walmart
- ◆ Government (8.4 percent): State of Washington and City of Lacey
- ◆ Education (7.7 percent): North Thurston Public Schools and St. Martin’s University

However, Lacey residents work in a variety of industries as shown in Exhibit 12. About half work in retail, government (public administration), education, or health care industries, while the other half work in other industries like professional, scientific, and technical services or construction, for example.

² 2023 Annual Comprehensive Financial Report. City of Lacey, WA, 2023.



Exhibit 12. Employment Industries of Lacey Residents



Source: ACS 5-year estimates, DP03

A key contrasting point between the two datasets—who works in Lacey versus where Lacey residents work—is that a disproportionate share of Lacey’s residents works in government (public administration), education, or health care industries. For example, about 8 percent of employment in the city is in government, but about 16 percent of Lacey residents work in government. This difference is likely due to the presence of large employers just across the border in Olympia, namely the State of Washington, Providence St. Peter Hospital, and Kaiser Permanente. A share of Lacey residents commute into Olympia to work at state government offices or health care service providers.

Commute Patterns

Lacey is similar to most cities in the region: most people live and work across jurisdictions. Most residents (83.5 percent) leave Lacey to work elsewhere, and most workers in Lacey (86.4 percent) come from elsewhere. This is a long-term, regional pattern, rather than a new phenomenon. The commuting pattern is mirrored in nearby cities, with an exception in Olympia, where a third of the employed residents work in the city.

Top origins and destinations are local population centers where there are greater employment options: Olympia, Tacoma, Tumwater, and Seattle.



Exhibit 13. Commute Patterns in Lacey and Nearby Cities

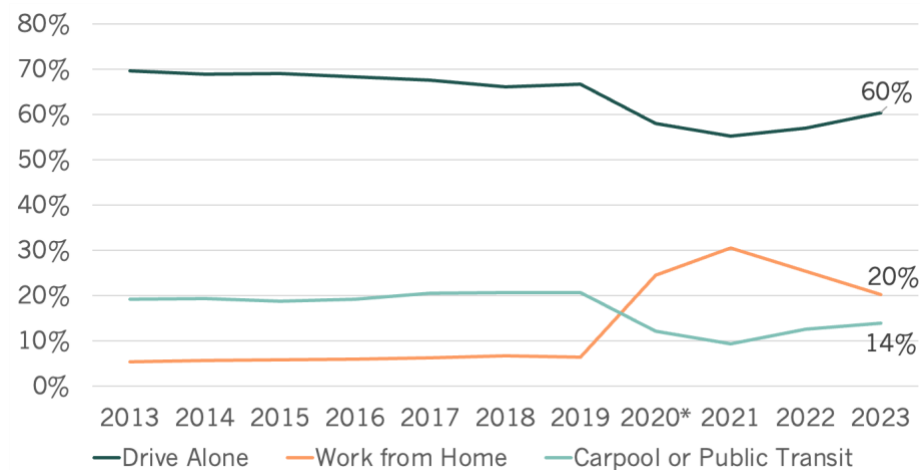
	RESIDENTS LEAVING FOR WORK		WORKERS FROM ELSEWHERE	
	2012	2022	2012	2022
Lacey (58,300 people)	83.1%	83.5%	85.4%	86.4%
Olympia (55,700 people)	64.4%	67.1%	83.7%	86.3%
Tumwater (27,200 people)	81.6%	83.0%	90.8%	92.3%
Lakewood (62,300 people)	80.4%	85.0%	86.5%	87.4%

Source: U.S. Census Bureau, LEHD Origin-Destination Employment Statistics and QuickFacts

A key policy implication for the City of Lacey is transportation needs. Because Lacey and the broader regional economy depend on connections between cities and markets, Lacey's residents and workers will continue to look for more efficient transportation options. Economic growth in Lacey will be closely tied to internal connections within the city as well as intercity connections.

Remote Work Trends

Exhibit 14. Commute Options, Puget Sound Region



The COVID-19 pandemic accelerated the shift to remote and hybrid work. Although the share of remote jobs peaked in 2021 then declined, it appears to have stabilized at roughly 20 percent. While Exhibit 14 lacks 2024 data, anecdotal evidence supports that this trend has held steady.

*Data for 2020 is less reliable due to limitations in the ability to survey households during lockdowns and social distancing measures. The 2020 data in this exhibit is estimated based on 2021 data.
Source: ACS 5-year estimates, B08301



At-Home Employment

According to business registration data, which includes self-reported information about business size, about 40 percent of businesses are home-operated businesses.³ These small businesses are generally self-operated or employing one or two other people. About half of the businesses are in the following industries⁴:

- ◆ Health care and social assistance (16 percent)⁵
- ◆ Professional, scientific, technical services (15 percent)⁶
- ◆ Retail (13 percent)
- ◆ Construction (10 percent)

³ Lacey endorsement data provided by the City of Lacey, March 2025.

⁴ Lacey endorsement data provided by the City of Lacey, March 2025.

⁵ Such as in-home care services and continuing care at retirement communities and assisted living facilities. This reported statistic may be inaccurate since the data is based on self-reported responses.

⁶ Such as accounting, consulting, computer science, and photography.



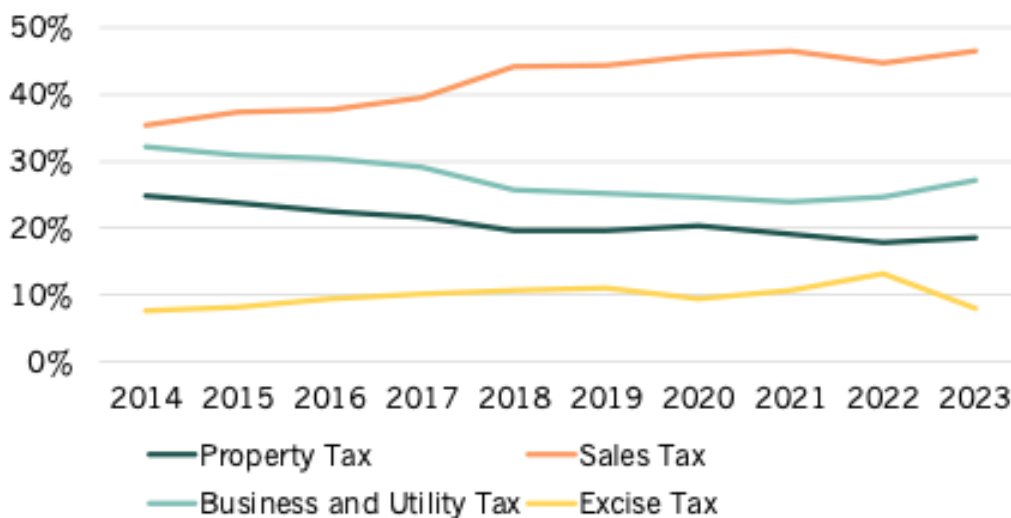
3. Retail Development Opportunities

Sales tax is the largest component of the City of Lacey’s tax revenues. It is driven partly by retail activity, and nearby cities are competing for it. In order to determine how Lacey can become a local destination, we evaluated three data points: retail leakage, retail void, and community feedback on Neighborhood Commercial Districts.

Sales Tax Trends

The main source of government revenue is sales tax, and it is growing. Comparing Lacey’s four types of taxes in Exhibit 15, sales tax was the largest component in 2014 (35 percent) and is still the largest component (46 percent by 2023).

Exhibit 15. Lacey Tax Revenues From Fiscal Years 2014 to 2023



Source: 2023 Annual Comprehensive Financial Report. City of Lacey, WA, 2023

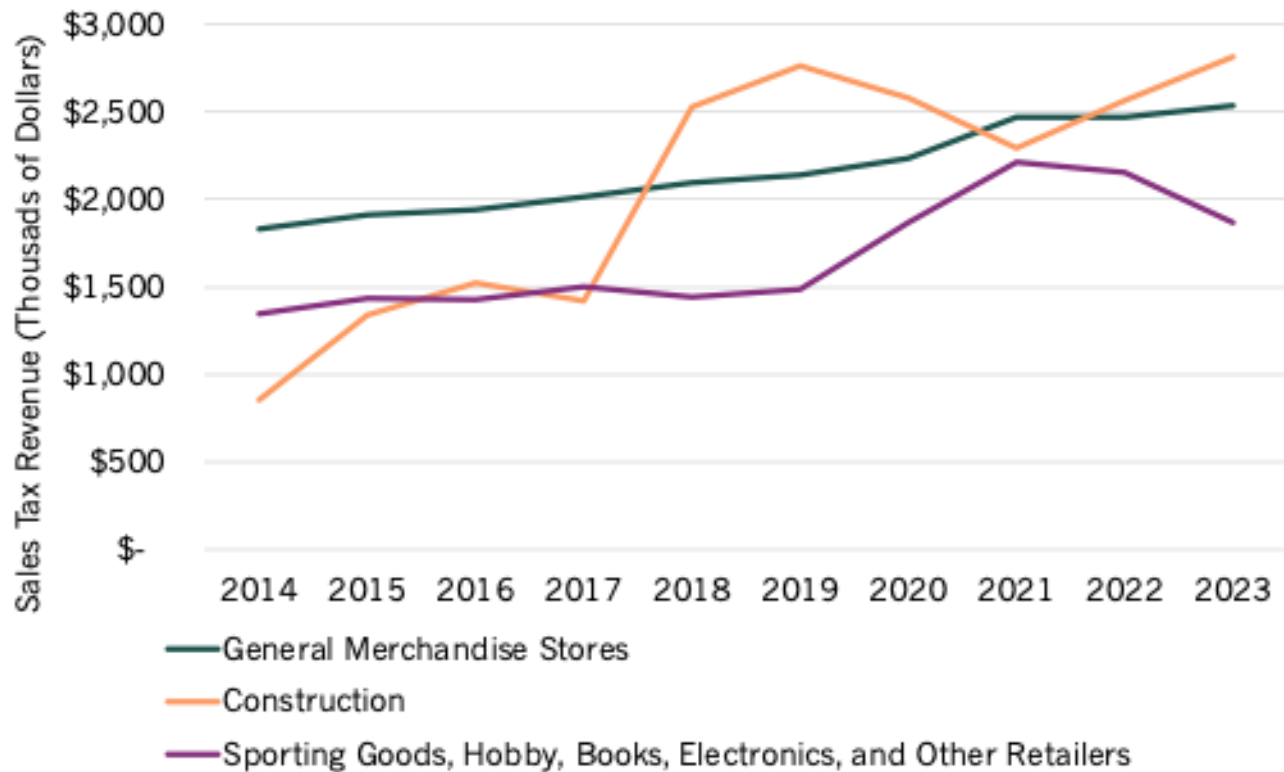
Exhibit 16 shows the top three components of Lacey’s sales tax revenue. It shows that the key drivers sales tax revenue are the following industry categories:

- ♦ General Merchandise Stores: This is usually the largest component, except when there is strong construction activity. This category includes wholesalers and large retailers—like Walmart and Target—but does not include grocery-only stores or department stores.
- ♦ Construction: This category of sales tax revenues is sensitive to economic cycles, rising when there is strong construction activity and falling during economic downturns. So, it provides a less steady source of sales tax revenues.



- ◆ Sporting Goods, Hobby, Books, Electronics, and Other Retailers: This category includes stores that sell specialized goods and occupy large building footprints, usually.

Exhibit 16. Lacey Sales Tax Revenue for Top Three Industry Categories



Source: 2023 Annual Comprehensive Financial Report. City of Lacey, WA, 2023

Sales tax is also an important driver of local tax revenues in other cities in the region. Exhibit 17 compares Lacey to three other cities: Olympia, Lakewood, and Federal Way. In all of these cities, sales tax makes up between 39 and 46 percent of tax revenues.

Exhibit 18 also shows the size of each city's tax revenue compared to the population size.

Comparing these two exhibits there are a few notable differences about the comparison cities when compared to Lacey:

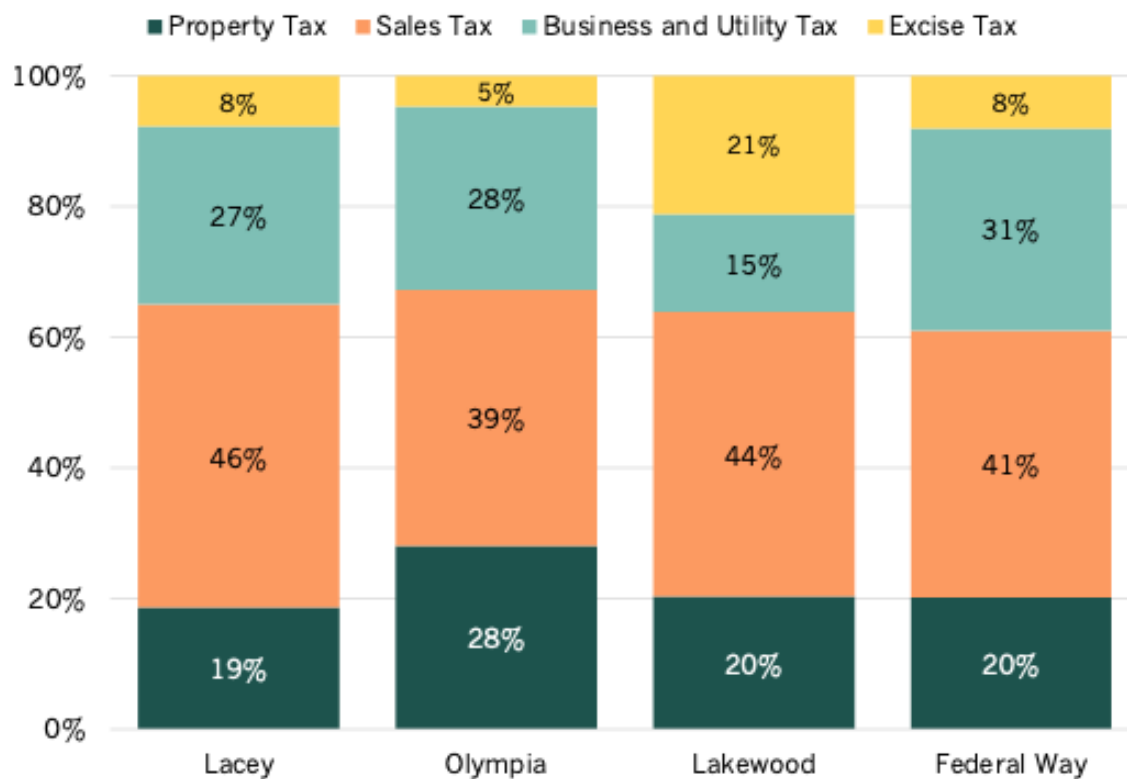
- ◆ In Olympia, property tax revenues make up a greater share of the city's tax revenues. This is partly because property values are higher and partly because there are higher density developments.
- ◆ In Olympia, the tax revenue per capita is about twice as large. This is not just because property values are typically higher in Olympia. This is because there are



much more taxable economic activities happening in Olympia (i.e., more properties, more retail and auto sales, more business revenues, etc.).

- ◆ About half of the excise tax revenues in Lakewood is attributable to gambling taxes. Lakewood’s gambling tax rates vary from 2 percent of net receipts for amusement games to 5 percent of gross receipts for bingo games and 11 percent of gross receipts for card games.⁷
- ◆ While the tax revenue components are similar between Lacey and Federal Way, the per-capita tax revenue is lower in Federal Way.

Exhibit 17. Tax Revenues by Source in Lacey and Comparison Cities in 2023



Source: 2023 Annual Comprehensive Financial Report. City of Lacey, WA, 2023; 2023 Annual Comprehensive Financial Report. City of Olympia, WA, 2023; 2023 Annual Comprehensive Financial Report. City of Lakewood, WA, 2023; 2023 Annual Comprehensive Financial Report. City of Federal Way, WA, 2023.

Exhibit 18. Average Tax Revenues per Capita in Lacey and Comparison Cities in 2023

LACEY	OLYMPIA	LAKEWOOD	FEDERAL WAY
\$834	\$1,698	\$613	\$612

Source: 2023 Annual Comprehensive Financial Report. City of Lacey, WA, 2023; 2023 Annual Comprehensive Financial Report. City of Olympia, WA, 2023; 2023 Annual Comprehensive Financial Report. City of Lakewood, WA, 2023.

⁷ City of Lakewood. “Taxes and Fees in Lakewood.” <https://cityoflakewood.us/finance/taxes-fees-in-lakewood/>



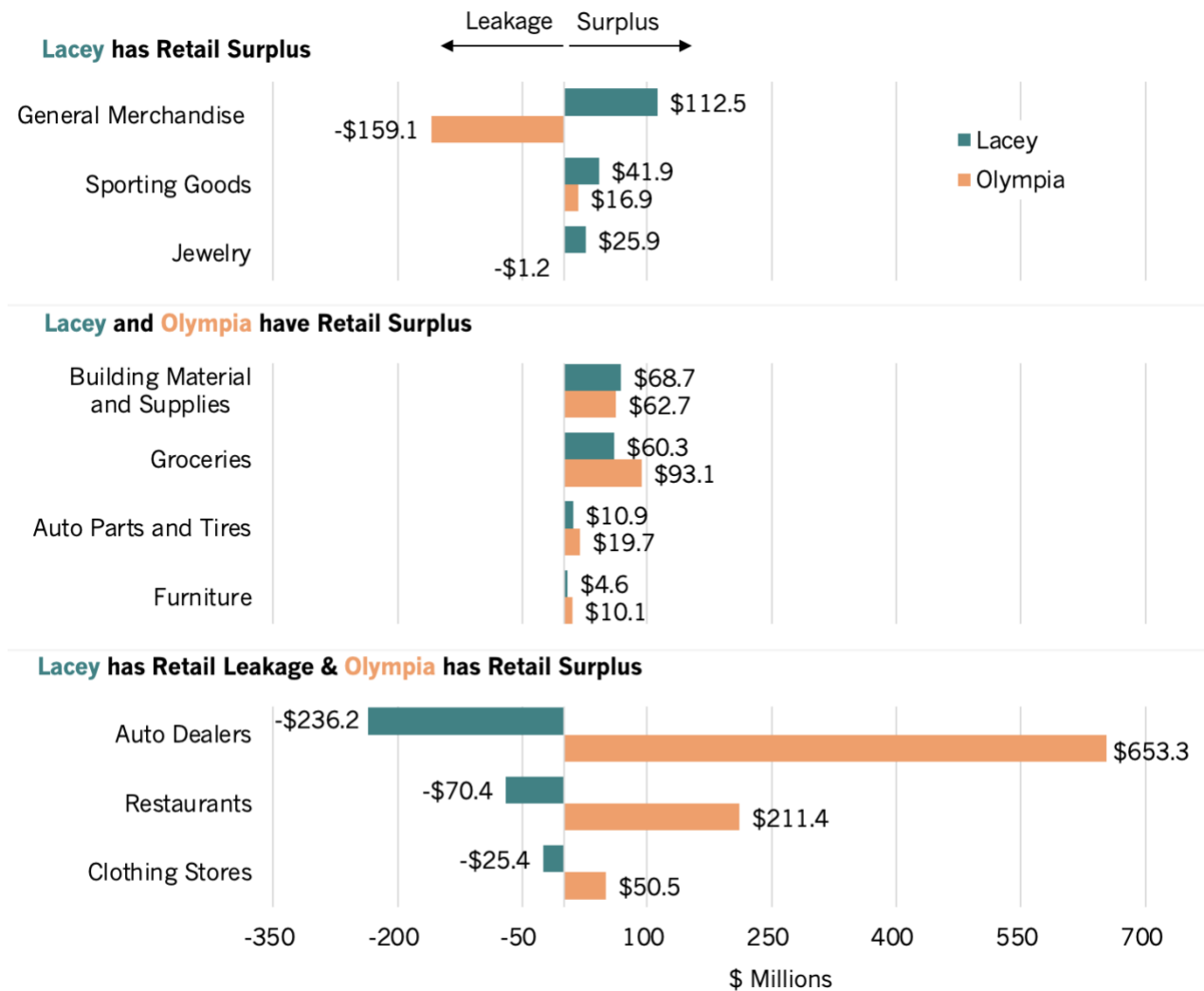
Retail Leakage

Retail leakage⁸ occurs when residents do not have competitive opportunities to purchase goods locally and must travel outside the primary market area (or purchase online) to find desired products. Exhibit 19 shows that there is an observed retail surplus across a few retail categories in Lacey. Olympia is offered as a comparison, but retail leakage from Lacey does not necessarily flow to Olympia.

⁸ Retail leakage shows an existing gap, representing the difference between demand and supply within specific geographic boundaries. A **negative value** represents leakage of retail opportunity outside the market area, and potential for that demand to instead be met locally. A **positive value** represents a surplus of retail sales, a market where customers are drawn in from outside the market area.



Exhibit 19. Retail Surplus and Leakage by City



Data source: Claritas

Lacey outsells Olympia in general merchandise (which includes stores such as Target and Walmart and excludes general grocery stores and department stores), sporting goods, and jewelry. Lacey and Olympia perform similarly on retail sales in building materials, groceries, auto parts, and furniture. However, there is retail leakage from Lacey when it comes to auto dealers, restaurants, and clothing stores. While there may be a higher barrier to entry for auto dealers because of high capital costs and limited franchise opportunities, these data points suggest Lacey could focus on growing the diversity of its restaurant and apparel store options.



Foot Traffic and Visitors

There are several key retail areas in Lacey, including South Sound Center and Market Square (along Sleater Kinney Road SE), Hawks Prairie Village Mall (along Marvin Road NE), and Summerwalk Village (on College Street SE and Yelm Highway SE). Visits per year to these retail areas range from 5 to 12 million. Around 50 percent of visitors to these shopping areas originate from Olympia, and around 20 percent originate from Lacey. As a local destination for general merchandise, many people living outside Lacey shop in Lacey's stores. Most visitors are at home prior to visiting the retail area and return home post shopping.⁹

Place.ai's Void Analysis tool¹⁰ suggests types of businesses that may be lacking in particular areas. In South Sound Center and Hawks Prairie Village Mall, the five most common types of businesses that seemed to be lacking are the following.

- ◆ Restaurants (e.g., American, Mexican, seafood)
- ◆ Groceries (e.g., ethnic/international, independent/local)
- ◆ Attractions (e.g., bowling, museum, etc.)
- ◆ Cannabis dispensaries
- ◆ Cafés/bakeries

While these data points alone do not lead to conclusive findings, they provide an additional perspective for identifying retail development opportunities in Lacey.

Neighborhood Commercial District Survey

At the end of 2022, the City of Lacey conducted a survey of its residents, workers, and visitors to gather community perspectives ahead of the next update to its Neighborhood Commercial Districts. A majority of the responses came from residents in Hawks Prairie Planning Area. About half of those who responded were born in 1970 or later (younger than 55 years), and the other half were born earlier than 1970 (55 years or older).

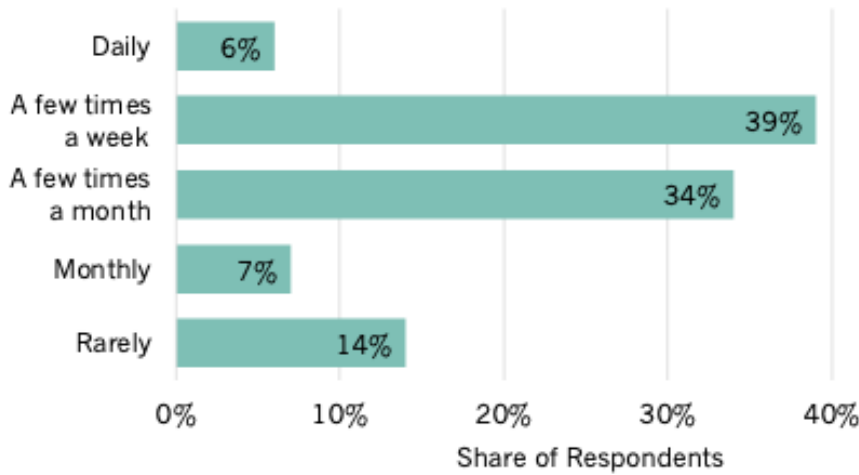
One of the survey questions read: "How often do you travel outside the City of Lacey for your shopping and services-related needs (groceries, home goods, restaurants, gyms, barber, etc.)?" In response, about 45 percent said they traveled outside the city more than once a week, and 79 percent said they did so more than once a month. The responses suggest most people are frequently leaving Lacey to find specific goods or services.

⁹ These data points are from Placer.ai.

¹⁰ Placer.ai assesses void by ranking retailers by their relative fit score (based on demographic fit, cannibalization risk, average monthly foot traffic and co-tenancy fit) to see what specific retailers or retail types fill that void.



Exhibit 20. Frequency of Shopping Outside Lacey



Source: City of Lacey. Neighborhood Commercial District Survey Results. 2023

Some of the most frequent retail or service-related businesses people sought out included the following.

- ♦ **Specialty Markets:** Respondents often travel to communities that offer a wider selection of fresh, organic, or international groceries. A large number of respondents shop at Trader Joe's, Whole Foods, and specialty grocery stores like Asian markets.
- ♦ **Restaurants and Cafés:** Dining options are a key reason people visit other areas. Respondents seek out higher-quality restaurants, coffee shops, and unique dining experiences not available locally. Many prefer sit-down establishments over fast-food options.
- ♦ **Clothing and Department Stores:** Shoppers frequently visit stores such as Macy's, Nordstrom, and REI for clothing and outdoor gear. Many noted that their local options are limited, and they travel to other areas for better selection and quality.
- ♦ **Entertainment, Leisure, and Personal Services:** People frequently visit bookstores, movie theaters, hair salons, medical services, and family-friendly attractions. Some noted a desire for more entertainment options and specialized providers, such as boutique gyms and holistic health services, closer to home.

4. Commercial Real Estate Inventory and Trends

Retail rents are typically higher in Lacey than in the rest of Thurston County, suggesting a relatively strong demand for retail spaces. Highest asking rents are observed in Hawks Prairie. Lacey's industrial (i.e., warehouse) spaces are larger, reflecting the presence of large logistics facilities in Hawks Prairie.



Weakness in Lacey’s commercial real estate is concentrated in Lacey Midtown. There are retail vacancies, both small and large spaces. While Lacey has made a significant progress in reducing office vacancies over the last ten years, large vacancies remain in state government buildings. However, there are recent developments that suggest Lacey Midtown is in the early stages of ongoing enhancement.

Commercial Inventory

Exhibit 21 shows the supply of commercial real estate in Lacey and Thurston County. In both places, industrial spaces are the most common, followed by retail and office spaces. Proportionally speaking, there is a greater concentration of industrial space (i.e., warehousing and distribution) in Lacey. There are very few flex spaces, which are adaptable commercial spaces that can function as both office and warehouse/industrial areas.

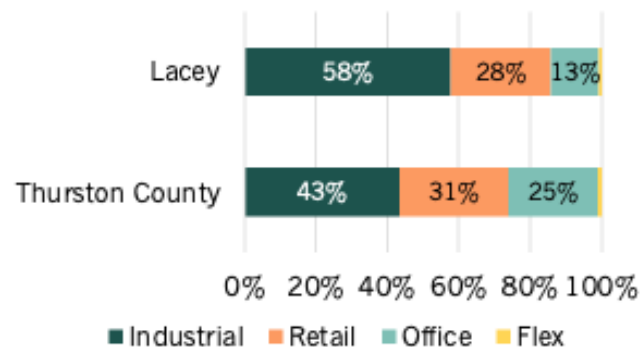
Exhibit 21. Commercial Real Estate Inventory (Square Feet)

	LACEY	REST OF THURSTON COUNTY	THURSTON COUNTY TOTAL
Industrial	10,300,000	10,900,000	21,200,000
Retail	5,000,000	10,000,000	15,000,000
Office	2,400,000	9,700,000	12,100,000
Flex	113,000	469,000	582,000
Total	17,813,000	31,069,000	48,882,000

Source: CoStar, March 2025

When looking at the makeup of the commercial real estate inventory in each place, Exhibit 22 shows that Lacey has proportionately greater amount of industrial and less amount of office space. This reflects the presence of logistics facilities in Hawks Prairie and office buildings in Olympia.

Exhibit 22. Commercial Real Estate Shares

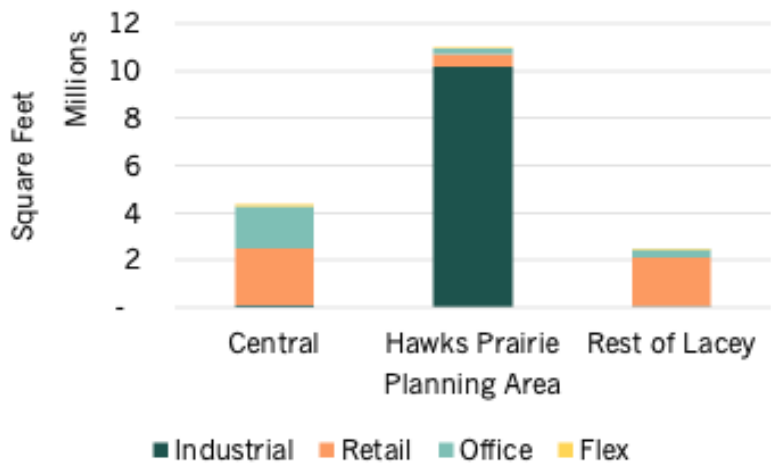


Source: CoStar, March 2025

Commercial real estate looks different across Lacey. There is a mix of retail and office in Lacey Midtown and the Depot District areas of the central Lacey. Commercial real estate in northeast Lacey and Hawks Prairie areas is mostly industrial. While there are a couple of retail centers in other parts of Lacey, they are not as large as the retail businesses in Lacey Midtown and the Depot District areas in central Lacey.



Exhibit 23. Commercial Real Estate Inventory (Square Feet) By Planning Area



Source: CoStar, March 2025

Vacancy and Lease Rates

There are a few notable differences in the vacancy and average lease rates between Lacey and the county, which can be observed by comparing the data in Exhibit 24 and Exhibit 25.

- ◆ **Industrial:** The average lease rate is lower in Lacey. However, industrial buildings are typically at least twice as large. Since larger spaces tend to have lower per-square-foot lease rates, the lower rate in Lacey is not unexpected.
- ◆ **Retail:** The average lease rate is somewhat (7.5 percent) higher in Lacey. At the top end, for example, the asking rate for newest spaces in Hawks Prairie was \$44 per sq. ft., as of early 2025. The average building size is slightly higher. This suggests there is a strong demand for retail space in Lacey. However, as shown in Exhibit 28, retail vacancy in Lacey ticked upwards during the second half of 2024. Many of the vacant spaces are in and near the South Sound Center (Lacey Midtown) where properties are older. As shown in Exhibit 29, vacant retail spaces vary widely in size.
- ◆ **Office:** The average lease rate is somewhat (7.0 percent) higher in Lacey. The vacancy rate used to be very high (above 10 percent until 2018), but it has come down to a healthy rate (below 4.0 percent) in recent years (see Exhibit 30). Still, about half of the vacant office properties and nearly 75 percent of the vacant office spaces are in state government buildings located in Lacey Midtown.

Exhibit 24. Commercial Real Estate in Lacey

	VACANCY	AVERAGE LEASE RATE (\$ PER SQ. FT.)	AVERAGE SIZE (SQ. FT.)
Industrial	5.7%	\$8.52	106,186



Retail	5.2%	\$24.18	13,333
Office	4.0%	\$26.30	15,686
Flex	0%	\$15.11	9,417

Source: CoStar, March 2025

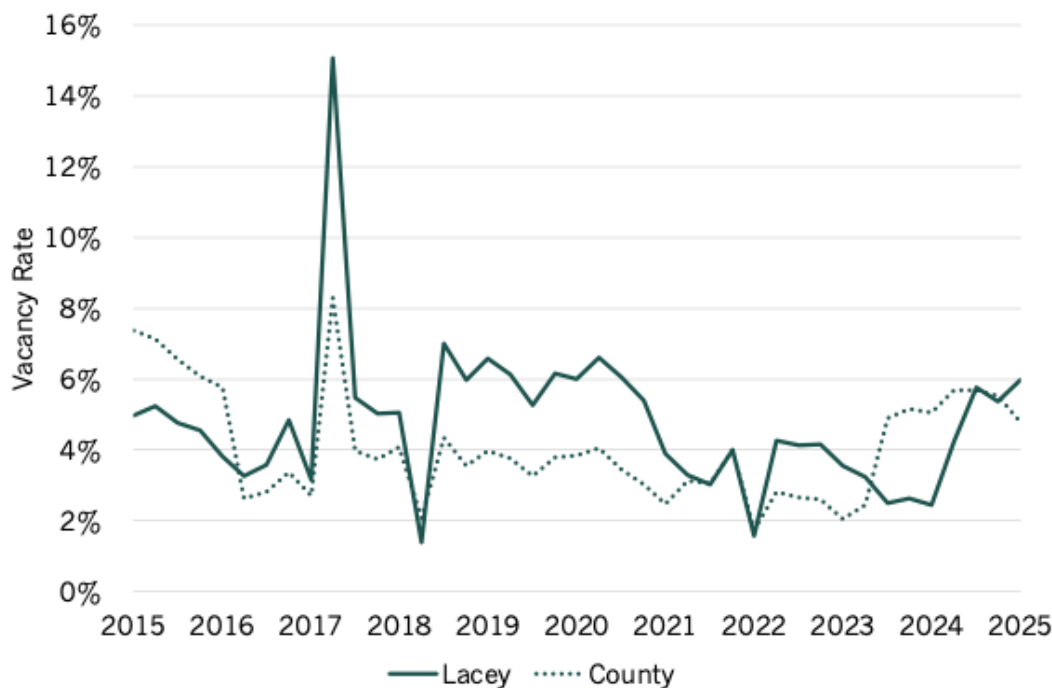
Exhibit 25. Commercial Real Estate in Thurston County

	VACANCY	AVERAGE LEASE RATE (\$ PER SQ. FT.)	AVERAGE SIZE (SQ. FT.)
Industrial	5.4%	\$9.45	43,802
Retail	3.1%	\$22.49	10,799
Office	2.8%	\$24.58	13,067
Flex	1.1%	\$15.00	13,857

Source: CoStar, March 2025

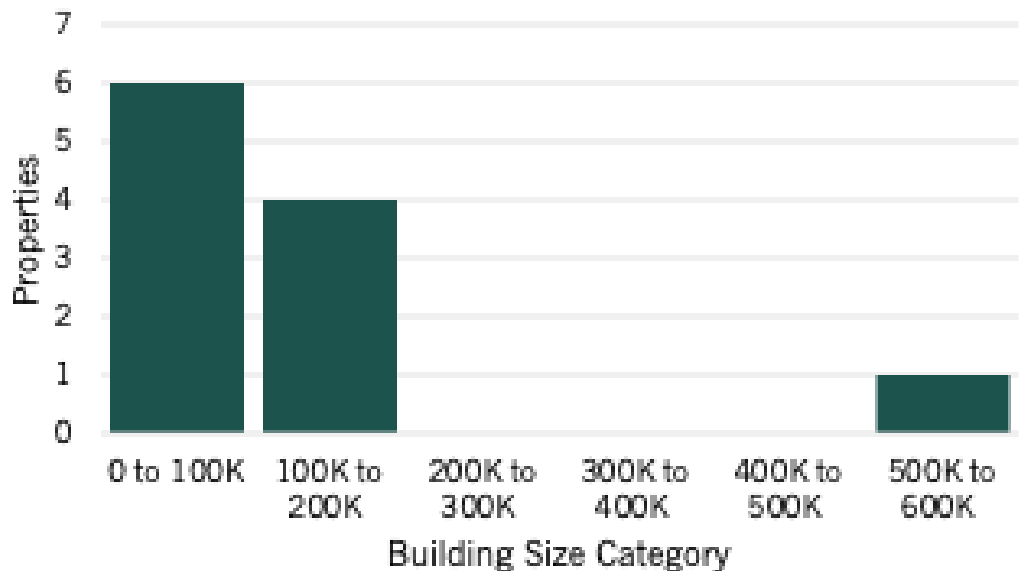


Exhibit 26. Industrial Vacancy Rate in Lacey and Thurston County



Source: CoStar, March 2025

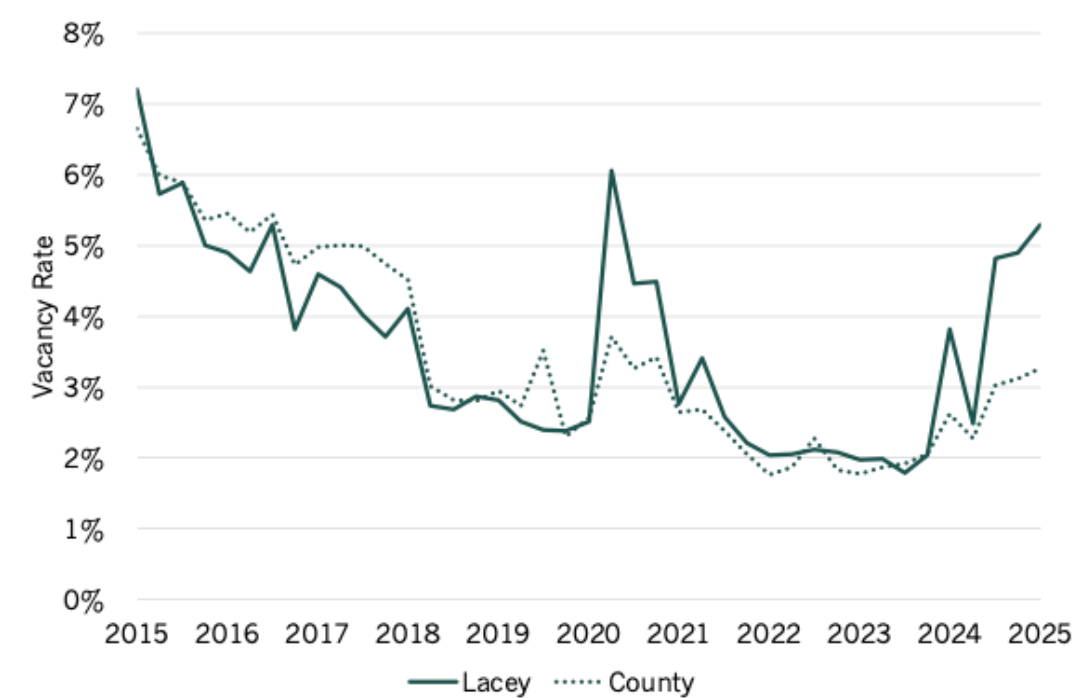
Exhibit 27. Industrial Vacant Space (Sq. Ft.) by Building Size Category (Total: 11 Properties)



Source: CoStar, March 2025

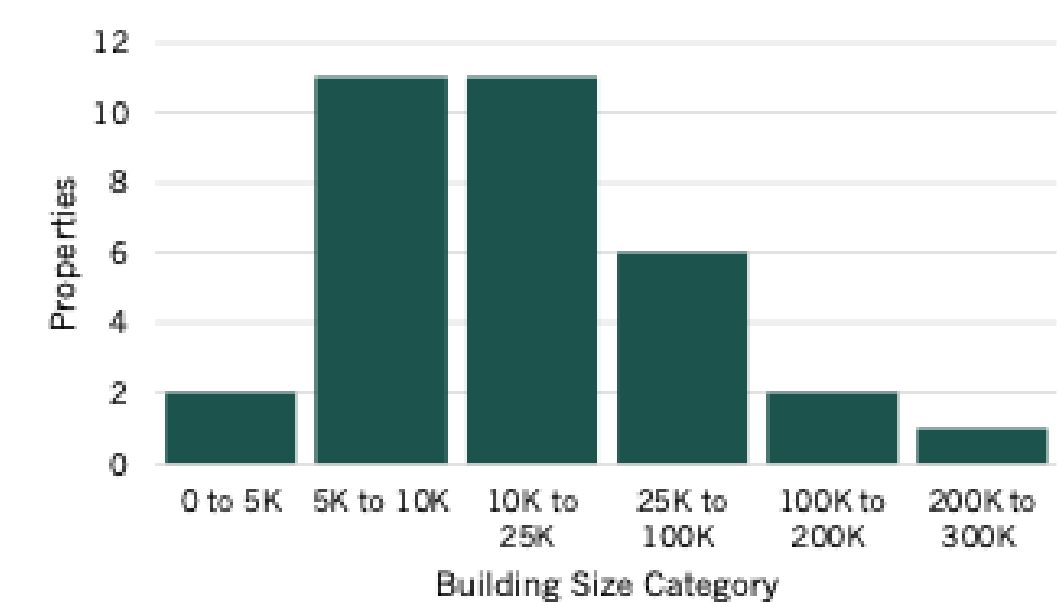


Exhibit 28. Retail Vacancy Rate in Lacey and Thurston County



Source: CoStar, March 2025

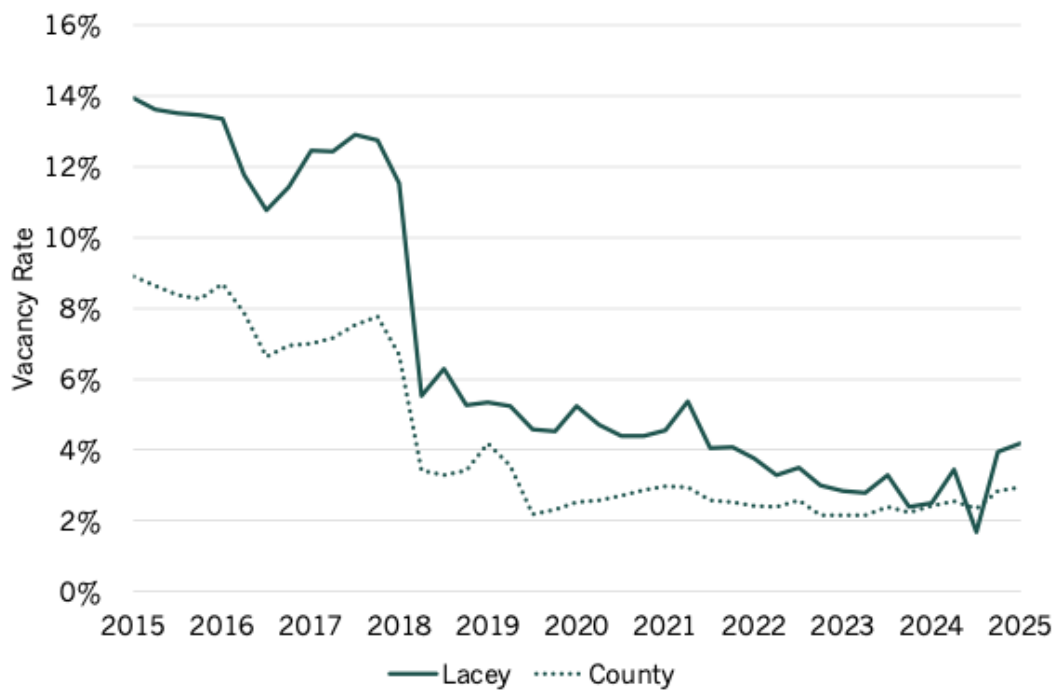
Exhibit 29. Retail Vacant Space (Sq. Ft.) by Building Size Category (Total: 33 Properties)



Source: CoStar, March 2025

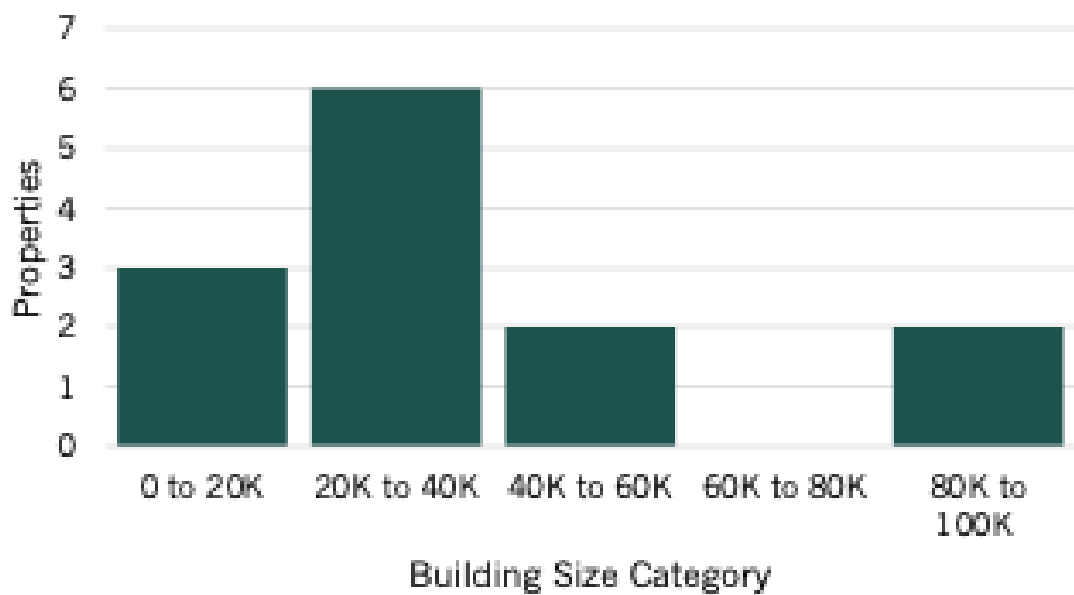


Exhibit 30. Office Vacancy Rate in Lacey and Thurston County



Source: CoStar, March 2025

Exhibit 31. Office Vacant Space (Sq. Ft.) by Building Size Category (Total: 13 Properties)



Source: CoStar, March 2025



Recent Developments

LACEY MIDTOWN

Although there are notable retail and office vacancies in Lacey Midtown, new developments are slowly starting to replace underutilized buildings.

- ◆ New retail: Several buildings along Pacific Ave SE were demolished in 2021 and have been replaced with new retail, such as Banfield Pet Hospital, Chipotle (a fast-casual Mexican grill), Sharetea (a bubble tea shop), and 7-Eleven (a convenience store). There still remains about 1 acre of undeveloped land, which could see a couple of new retail establishments.
- ◆ New housing: A new apartment with 50 market-rate units is replacing an old office building on Woodland Square Loop SE. It is expected to open this year.

Exhibit 32. Pacific Avenue Developments



Source: CoStar



Exhibit 33. 629 Building in Lacey Midtown



Source: CoStar

HAWKS PRAIRIE

The southern portion of Hawks Prairie area near Marvin Road NE is filling up with neighborhood centers and new retail. There also are new retail developments near the Hawks Prairie area along Martin Way E. These new retail spaces are contributing to both higher retail lease rates and temporary increases in retail vacancies in Lacey.

Lacey is also beginning to see the development of a new hospitality sector. While many hotels exist next to Lacey Midtown along Interstate 5, new hotels are entering the market in anticipation of Quiemuth Resort and Quiemuth Village projects. There are two proposed developments for hotels along Marvin Rd NE. Residence Inn by Marriott would finish construction by 2026 and have 136 rooms. Homewood Suites by Hilton would finish construction by 2028 and have 142 units.¹¹

¹¹ Information on development proposals are based on data in CoStar.



5. Implications of Quiemuth Village Development

The next, large wave of development in Lacey is expected to be the Quiemuth Resort and Quiemuth Village projects. The Nisqually Indian Tribe is planning to develop a casino it would own and operate in the Quiemuth Resort property. The Tribe also purchased a 174-acre property around the Quiemuth Resort property and is planning to develop a mixed-use community that includes a mix of multifamily housing, retail, grocery, and entertainment venues. If the proposed project successfully completes federal review processes and is financed, it could lead to a new economic development opportunity.

The analysis below does not include the Quiemuth Resort property because the fiscal implications for the City of Lacey are expected to be minimal. The analysis assumes the City would not be able to collect taxes, and municipal services would be provided by the Nisqually Indian Tribe.

Exhibit 34. Property Boundaries for Proposed Quiemuth Resort and Village Developments



Source: Nisqually Indian Tribe



According to the Environmental Assessment (EA) report submitted to the Bureau of Indian Affairs in August 2024, the proposed development of Quiemuth Village would include a mix of commercial, retail, recreational, lodging, and housing uses. The EA outlined two alternatives. Alternative 1 would have more retail uses and a travel center for fueling trucks. Alternative 2 would have less retail uses but have a school, more outdoor recreational facilities, and a neighborhood gas station.

Exhibit 35. Land Use Summary for Proposed Quiemuth Village Development

LAND USE	ALTERNATIVE 1 COMMERCIAL-HEAVY MIXED-USE	ALTERNATIVE 2 RECREATION-HEAVY MIXED-USE
Commercial and Retail	929,500 sq. ft.	588,500 sq. ft.
School	none	30,000 sq. ft.
Recreational Facilities	7.4 acres	53.1 acres
Lodging Facilities	200 rooms	200 rooms
Housing	320 units	320 units
Fuel Pumps	10 diesel / 16 gasoline (travel center/truck stop)	10 gasoline (gas station)
Total Parking	4,655 spaces	3,186 spaces

Source: Quiemuth Village Environmental Assessment, 2024

Implications for the City of Lacey

As presented above, sales tax is the largest component of the City of Lacey’s tax revenues and a key driver of municipal revenues in the region. Therefore, cities are competing to establish local retail destinations that could generate local sales and reduce retail leakage. Moreover, it is important to attract types of retail that the residents want.

The proposed development can be one of the answers to Lacey’s retail development needs. Alongside the resort property, the proposed mixed-use neighborhood is not only going to be a regional attraction but also aligned with the City’s needs.

- ◆ New retail spaces would add opportunities for new retail activities. Alternative 1 would add about 18 percent and Alternative 2 would add about 11 percent compared to 5 million square feet of retail in the city.
- ◆ The proposed types of retail include those that residents want, namely retail and dining, upscale grocery, golf, and family entertainment (e.g., theater, bowling alley, arcade).

Additionally, lodging tax could become more important for the City of Lacey. The resort property would be supported by potentially up to 480 new lodging facilities. The Quiemuth



Village development expects 200 rooms, and two adjacent hotels could add 278 rooms if the developments move forward as proposed. These new rooms would more than double the number of hotel rooms in Lacey.¹²

In addition to the retail and hotel developments discussed above, new housing developments near Quiemuth Village are currently under consideration. Ainsley at Lacey would be a 291-unit market-rate apartment located north of Britton Parkway NE and east of Shady Glen Court NE. Plans¹³ suggest there would be a second phase of the development, which could add about 260 more units.¹⁴ There are also proposals to build about 400 units along 15th Avenue NE.¹⁵ These would be 3-story apartments¹⁶ located about halfway between Quiemuth Village and Lacey Midtown.

Because the Nisqually Indian Tribe has not yet decided on either of the two proposed alternatives, the City of Lacey is assessing its options while waiting for more information. When a final development proposal is available, the City should re-evaluate the mix of retail, residential, and non-residential uses and consider complementary land uses that could locate around the Quiemuth Resort and Village projects.

¹² According to CoStar, there are 381 hotel rooms in Lacey with an average daily rate of \$117 and occupancy rate of 63.6 percent. These number do not include short-term rentals or vacation rentals.

¹³ City of Lacey. #23-0058 – Britton Place Short Subdivision. <https://cityoflacey.org/projects/britton-place-short-subdivision-23-0058/>

¹⁴ Boone, Rolf. “500-unit apartment proposal in NE Lacey is now official, city information shows.” November 27, 2021. <https://www.theolympian.com/news/local/article256120642.html>

¹⁵ Data from CoStar

¹⁶ CPH Consultants. Site Plan Review Application Canfield Apartments. August 2, 2024. <https://cityoflacey.org/wp-content/uploads/sites/3/2024/10/3-Canfield-Project-Narrative.pdf>





**Lacey 2030: Economic
Development Strategic Plan**

APPENDIX C

Appendix C: Community Engagement Findings

Lacey 2030: Innovation, Opportunity, Community

Economic Development Strategic Plan 2026-2030

To inform the City of Lacey's Economic Development Strategy, ECONorthwest conducted a series of twelve in-depth stakeholder interviews to gather insights on opportunities, challenges, and priorities directly from organizations and community members involved in the local and regional economy. While we have anonymized interview findings to encourage transparency, to date, these interviewees have included (in no particular order):

- ◆ Michael Cade, Thurston Economic Development Center (EDC)
- ◆ Sean Moore, Thurston EDC Center for Business & Innovation
- ◆ Mike Reid, Port of Olympia
- ◆ Darin Goss, Providence Hospital
- ◆ Erika Titus, Providence Hospital
- ◆ David Tuyó, Twinstar Credit Union
- ◆ Mike Raskin, MJR Development
- ◆ Jason Huang, SWAE Night Market
- ◆ William Westmoreland, Pacific Mountain Workforce Development
- ◆ Nathan Peters, St. Martin's University
- ◆ Tevin Campbell, Jerk an' Tingz
- ◆ Cecelia Loveless, MultiCare
- ◆ Chris Blume, Capital Development Company

We are deeply grateful to these individuals for volunteering their time and expertise to support the project. These conversations (held both virtually and in-person) helped validate the data findings and also provided qualitative nuance, identifying gaps that data alone cannot always reveal. A summary of the key themes discussed in these interviews is below.

Key Findings

DEFINING LACEY'S IDENTITY

Lacey is often regarded as the economic engine of Thurston County, characterized by growth in logistics, creative partnerships, and a reputation for inclusivity and diversity. However, stakeholders noted that the city's strengths and identity could be more visible regionally and could be promoted more consistently to attract investment and talent.

- ◆ **Lacey is regarded as the primary economic center in the region, with a concentration of growth and resources.** Regional economic development partners described the city as the largest hub of commerce and investment activity in the area, with a significant share of Thurston County's growth occurring in Lacey. Stakeholders pointed to the I-5 diamond interchange as a key investment that unlocked new development opportunities east of the freeway, particularly for warehouse users looking for access to regional transportation corridors.
- ◆ **There is an opportunity to strengthen Lacey's economic identity and visibility.** Participants shared that the city's strengths, such as its diversity, military and higher education connections, and logistics access, are not always visible regionally and could be promoted more consistently to attract investment.
- ◆ **Market shifts are making Lacey feel more similar to larger communities to the north.** Participants noted that growth in logistics, warehousing, and regional trade is increasing competition for space and shaping Lacey's economic landscape. Some observed that this shift brings new opportunities but also creates pressure on land and infrastructure.
- ◆ **The Lacey MakerSpace and other partnerships demonstrate Lacey's collaborative approach to economic development.** Stakeholders described the Lacey MakerSpace as a unique regional asset that combines resources from the City, higher education institutions, and the economic development council to support entrepreneurship, workforce training, and innovation. This model of partnership was highlighted as an example of how major economic development leaders in Lacey work together to create shared spaces, leverage funding, and provide support for both established businesses and early-stage ventures.
- ◆ **Lacey's diversity and inclusivity are seen as distinctive strengths.** Stakeholders consistently described Lacey as a welcoming, open-minded community that embraces cultural diversity and new ideas. Small business owners, event organizers, and regional partners highlighted that the city's supportive environment has helped attract entrepreneurs from a wide range of backgrounds and create spaces, such as the Night Market and Food Truck Depot, where diverse vendors and customers feel represented and included.



FOSTERING SMALL BUSINESS GROWTH

Small businesses and entrepreneurs value Lacey's approachable support systems, including grants and community programming, but could benefit from additional opportunities for community exposure and accessible commercial space.

- ◆ **Lacey's support systems are perceived as approachable and practical, offering resources that help small businesses get started, grow, and navigate requirements.** Entrepreneurs shared that grants, business coaching, and connections to resources from the EDC were essential to launching and growing their operations. Business owners and community partners also emphasized that City staff are approachable, responsive, and collaborative, and that Lacey's leadership has consistently fostered a culture of problem-solving and creativity that supports innovation.
- ◆ **City initiatives and community programming have provided important platforms for early-stage businesses.** Participants highlighted the Food Truck Depot and Night Market as key venues for building customer bases and increasing visibility, noting that these spaces have supported a diverse group of vendors. Entrepreneurs and event organizers described consistent programming as a primary factor in sustaining sales and building customer relationships.
- ◆ **Lack of affordable spaces limits microenterprises from transitioning to small businesses.** Stakeholders, particularly food entrepreneurs, emphasized that while Lacey provides supportive entry points such as grants, the Food Truck Depot, and markets, there are few affordable options for businesses ready to grow beyond mobile operations. Limited and costly commissary kitchens, combined with a shortage of smaller-scale commercial spaces suitable for early expansion, were described as barriers to scaling up.
- ◆ **Sustaining growth depends on attracting more residents to live in the community.** Stakeholders noted that long-term demand for business services and lending relies heavily on continued population growth to create new customers, expand the workforce, and generate tax revenue.

SUPPORTING LACEY'S WORKFORCE

Lacey's location and sense of community are seen as key assets for attracting students and staff. At the same time, employers recognized opportunities to improve recruitment and retention efforts, highlighting gaps in workforce training, housing, and childcare.

- ◆ **The city's combination of location, affordability, and access to nature and transportation is seen as an advantage for families and professionals.** Stakeholders cited proximity to I-5, Seattle-Tacoma International Airport, and recreational areas as appealing to employees seeking both convenience and a high quality of life. Additionally, stakeholders mentioned the City's character, sense of community, and



school quality help make Lacey an attractive option, especially compared to larger cities with higher costs.

- ◆ **Healthcare demand is driving continued investments in clinics and specialty facilities.** Organizations described current and planned projects, including specialty care expansions and new clinics to meet population growth. Several noted that the region's aging population is also contributing to increased demand for healthcare services.
- ◆ **Technical and specialized staff often need to be recruited from outside the area.** Employers reported that technology, healthcare, and other specialized roles can be challenging to fill locally, often necessitating regional or national searches.
- ◆ **Housing affordability and access to childcare are challenges for recruitment and retention.** Employers consistently identified these issues as the most significant barriers to attracting and keeping employees, noting that even with good wages, employees often commute from other cities because attainable housing or childcare options are limited near their workplaces.
- ◆ **Workforce training programs face funding and capacity constraints.** Workforce development stakeholders explained that while the city has good access to training infrastructure, limited funding can make it hard to expand non-degree credential programs. Interviewees also observed that many schools focus heavily on college preparation and could better connect students to careers in logistics, manufacturing, or other technical fields, which are strong industries in Lacey and do not typically require a college degree.

BUILDING VIBRANT SPACES AND AMENITIES

While Lacey's amenities and community events are important anchors, stakeholders described opportunities to expand dining, entertainment, and gathering spaces to better serve residents and support recruitment.

- ◆ **Lacey's multiple neighborhoods create distinct centers of community and commerce.** Stakeholders noted that, although Lacey does not have a traditional downtown, it has developed several distinct areas where small businesses, restaurants, and community services are clustered. For example, stakeholders noted that amenities, parks, and streetscape investments have all contributed to establishing Midtown's identity as a vibrant, connected district. These enhancements were described as critical to sustaining long-term interest and fostering a strong sense of place in the area.
- ◆ **Infrastructure upgrades are enhancing access and setting the stage for more vibrant commercial hubs.** Stakeholders noted that recent sidewalk and streetscape improvements have supported smaller tenants by improving visibility and walkability



around their businesses. Looking ahead, the proposed roundabout at College Street and Seventh Avenue in Midtown is expected to improve pedestrian access, strengthen connections between Saint Martin’s University and Midtown, and contribute to a more cohesive and inviting commercial district.

- ◆ **There is interest in holding more frequent and year-round community events.** Stakeholders noted that while summer events are very beneficial, sales tend to decline during the winter months, and holding events more frequently could help maintain revenue and customer engagement throughout the year. Interviewees also suggested that expanding event programming could strengthen neighborhood identity and help attract families and professionals to Lacey.
- ◆ **Increased dining, entertainment, and gathering spaces could improve employee retention and appeal to younger professionals.** Several participants noted that additional restaurants, social venues, and nightlife options could support the recruitment of employees and the retention of graduates. Developers also pointed to consistent leasing of new apartments and commercial spaces as evidence of sustained market interest in creative, mixed-use development, emphasizing that projects offering food, recreation, and gathering spaces are outperforming single-use models.

Taken together, these insights highlight both the strengths that position Lacey as a regional economic hub and the areas where targeted investments and policy changes could further strengthen the city’s competitiveness. Stakeholders emphasized the importance of maintaining Lacey’s collaborative approach to economic development, supporting small business growth through accessible spaces and consistent programming, and investing in workforce readiness, housing, and amenities that make the community attractive to both residents and employers. These themes will help shape an Economic Development Strategic Plan that reflects local values and priorities, complementing additional research to recommend actionable strategies and partnerships that support the city’s long-term vision.

