LAND USE COMMITTEE
TUESDAY, SEPTEMBER 22, 2020
10:30 A.M.
REMOTE ATTENDANCE

To comply with Governor Inslee's Proclamation 20-28, the Finance Committee Meeting will be conducted remotely, not in person. However, you may view the meeting by watching live through Zoom.

Link: https://us02web.zoom.us/j/87864044025

The public may also listen to the meeting via telephone by dialing toll-free:

(888) 788-0099 or **(877) 853-5247** – when prompted, enter Webinar ID **878 6404 4025** press # (participant ID not required)

2020 LIGHT INDUSTRIAL – COMMERCIAL ZONING TEXT AMENDMENT #19-367

RICK WALK, DIRECTOR OF COMMUNITY & ECONOMIC DEVELOPMENT
RYAN ANDREWS, PLANNING MANAGER
(BRIEFING)

URBAN FORESTRY MANAGEMENT PLAN

RICK WALK, DIRECTOR OF COMMUNITY & ECONOMIC DEVELOPMENT
JESSICA BRANDT, ASSOCIATE PLANNING
(BRIEFING)

HOUSING ACTION PLAN UPDATE

RICK WALK, DIRECTOR OF COMMUNITY & ECONOMIC DEVELOPMENT
(BRIEFING)

LAND USE COMMITTEE
September 22, 2020

SUBJECT: **LMC 16.39, Light Industrial-Commercial Zone, Building Square Footage Zoning Text Amendment Application**

RECOMMENDATION: **Hear a briefing from staff on the private-applicant initiated zoning text amendment to LMC 16.39 related to increasing the square footage limit for buildings in the Light Industrial-Commercial zone.**

STAFF CONTACT: Scott Spence, City Manager
Rick Walk, Director of Community and Economic Development
Ryan Andrews, Planning Manager

ORIGINATED BY: Community and Economic Development Department by Private Applicant

ATTACHMENTS:
1. Zoning Text Amendment Application
2. Proposed Amendments to LMC 16.39
3. Hawks Prairie Area Zoning Map
4. Consistency Analysis of Proposal with Plans and Policies
5. Market Report Analysis of Proposed Code Amendment
6. Transportation Analysis of Proposed Code Amendment
7. Acoustical Analysis of Proposed Code Amendment

FISCAL NOTE: None.

PRIOR REVIEW: No prior City Council review.

BACKGROUND:

The City has received a private applicant request related to Lacey Municipal Code 16.39 in the Light Industrial-Commercial zoning chapter to increase the maximum square footage requirement from 200,000 to 500,000 square feet. Prior to discussing the request, some history is needed on the building square footage requirement in the Lacey's industrial areas as this will be the fourth time in the last fifteen years that the City of Lacey has addressed this issue.

History of Light Industrial Building Cap

In 2002, based on the availability of large parcels of land in Lacey, proximity to I-5, proximity to the Port of Tacoma, and major companies using distribution models requiring large warehouse/distribution facilities for merchandise, several large corporations were looking to locate distribution facilities in the Hawks Prairie area. The Target and Home Depot distribution facilities were also constructed around this time with Target at initially 1 million square feet and expanding to 2+million square feet over time and Home Depot at 750,000 square feet.

The City Council at the time had concerns that the bulk of Lacey's larger parcels with Light Industrial zoning would be absorbed by these large distribution warehouse facilities that would have relatively low job per square foot ratio and had major impacts to transportation infrastructure. In response, the Lacey City Council imposed a moratorium in September 2005 on development of buildings in the Hawks Prairie Light Industrial zone (LI), and referred concerns over the siting of large distribution centers to the Planning Commission. In early 2006, the Planning Commission forwarded recommendations for amendment of the LI zone to address issues that had led to the moratorium. Based upon the Planning Commission's recommendations, the Council amended the LI zone and the design section of the Lacey Municipal code to prohibit buildings over 200,000 square feet in size and required a number of design considerations for LI projects. Additionally, the City Council designated Hogum Bay truck route to serve the Light Industrial zone and through the State Environmental Policy Act, the City established mitigation requirements related to heavy truck traffic to offset transportation impacts. The action was the culmination of a long and contentious year-long process.

Once the 200,000 square foot building cap was put in place, light industrial warehouse development was limited in northeast Lacey to a few projects in the Meridian Campus industrial area until 2010 when a private applicant amendment was approved by the City Council to increase the building square footage cap to 500,000 square feet provided that certain design standards were met including: compatibility and notice requirements for adjacent residential properties, requiring a multiple building complex with no more than 75% of buildings greater than 200,000 square feet, and requiring design review. The 2010 process included a city review of industrial absorption capacity, typical building size for the market, employment ratio data, re-use of large buildings, trip distribution and truck routes, and an analysis of parcels that can accommodate large buildings.

The 2010 building cap increase was also an opportunity to accommodate a local business from Tumwater that needed to expand in order to grow the business. This business was Harbor Wholesale who completed their building construction in the Hawks Prairie 111 Corporate Park as a result of the amendments with construction of a 200,000 square foot warehouse that is able to expand to 300,000 square feet to accommodate their growing business. In 2012, Trader Joe's constructed a distribution warehouse also in the Hawks Prairie 111 Corporate Park at 500,000 square feet. Had the building cap remained at 200,000, Lacey would not have been able to accommodate this use nor the jobs associated with it. In 2015, the Planning Commission reviewed, and the City Council ultimately approved, a request to remove the building size cap in the Light Industrial zone altogether.

This has led to several buildings larger than 500,000 square feet including the Medline, Uline, and second Home Depot facilities.

Throughout these modifications to the Light Industrial zone, the Light Industrial-Commercial zone has remained with a maximum building size of 200,000 square feet since these standards were established in 2006. The intent was to limit the building square footage in the LI-C zone to ensure that it preserved property to allow smaller buildings that would promote greater business diversity and businesses with higher ratios of employees per square foot, while allowing larger buildings for warehouse and distribution centers in the LI zone.

HBBP, LLC Request

The Community and Economic Development Department received a private applicant-initiated zoning text amendment request. The request is to amend Chapter 16.39 of the Lacey Municipal Code to allow buildings between 200,000 square feet and 500,000 and establish standards applying to these uses within the Light Industrial-Commercial zone. The request is to amend specific text within the zoning code and does not require the need to amend any policies within the Comprehensive Plan. The Planning Commission will review the request, hold a public hearing, consider public comment and when ready, provide a recommendation on the amendment to the City Council.

Lacey's primary undeveloped Light Industrial-Commercial (LI-C) zone is north and west of the intersection of Britton Parkway NE and Marvin Road NE. This property is commonly known as the "Betti" property as it had been owned by Evelyn and Bruno Betti and their estate until recently sold to HBBP, LLC. The district is bordered by residential properties to the west, a mixture of Moderate Density Residential and Light Industrial to the north, Light Industrial and Light Industrial-Commercial to the east and Hawks Prairie Business District and Community Office to the south. The HBBP, LLC ownership consists of approximately 61 acres and is a mixture of undeveloped property with small, locally owned businesses in leased spaces within small metal buildings of varying ages.

As this is a zoning text amendment, it would also apply to other areas of the city with the same zoning. However, the only other existing applicable LI-C zone is located off of Carpenter Road SE south of Pacific Avenue SE. These properties are relatively small and in multiple ownerships and would be highly unlikely to accommodate a building larger than 200,000 square feet. Additionally, a rezone request is currently under consideration for the area along Carpenter Road NE between Interstate 5 and Britton Parkway NE to Light Industrial-Commercial. This area is also very unlikely to be able to accommodate a large building because of parcel sizes and other physical constraints like topography. Therefore, under the current Comprehensive Plan designations the HBBP property would be the only property where the proposed amendment would apply.

Building Square Footage Request

The primary request is to allow buildings between 200,000 and 500,000 in the Light Industrial-Commercial district. Currently, this zoning district specifically prohibits buildings

over 200,000 square feet. The applicant is interested in pursuing the amendment to market the property for a large warehouse distribution user.

City staff, including representatives from Community and Economic Development Department (CED), and the Water Resources Division of the Public Works Department, have reviewed the request and requested the specific information and studies to complete the application packet. In review of the application, staff has reviewed the application in light of the goals and policies of the Comprehensive Plan—specifically the Land Use Element and the Economic Development Element. The applicant has also submitted their own consistency analysis along with their application. Additionally, CED staff has reviewed comments received, the location characteristics of the LIC-C zones and the Comprehensive Plan, and note several issues that need further discussion and resolution before a recommendation is made. These issues are:

1. Retention of existing local small businesses on the site.
2. Water quality related to existing on-site septic systems and stormwater.
3. Compatibility with surrounding land uses.
4. Transportation and circulation issues.

Retention of Existing Businesses and Future Needs

The applicant has proposed draft language to amend the LI-C chapter to address the reduction or the displacement of small businesses. The HBBP site contains a number of small local businesses, if displaced, they would have no similar location to relocate within Lacey. The City's economic development policies contained within the Economic Development Element support local Lacey small businesses. In review of the HBBP application including the market report (attachment 5), staff has concerns that the information paints a bleaker picture of the vacancy situation.

Staff has been monitoring vacancies over the last three years on a quarterly basis. Vacancies within the applicant's buildings were generally filled very quickly. There are marked differences in the characteristics between the applicant's smaller spaces, and the comparable vacancies, for smaller spaces applicant provided. Despite many of the comparable spaces subsequently leasing, these spaces demonstrate that smaller spaces, located in larger buildings, with very high ceilings, and designed for logistics, rather than the operation of a small business, do linger longer on the market. Anecdotally, staff has received comments from businesses seeking smaller spaces and have shared that the smaller spaces in high-ceilinged buildings are too expensive to heat, cool, light, and operate.

The existing smaller buildings on the site have been very popular with newer, small businesses needing affordable rent, flexible space, with uses that work well with the very permissive permitted uses in the LI-C zone. There are two groups of existing smaller buildings on the site. The newer, more modern and visually attractive red buildings, not visible from Marvin Rd., make efficient use of the land near the southwest corner of the site. The older blue buildings, which are adjacent to and visible from Marvin Rd., are more plentiful. There is a variety of sizes, many with ample land for outdoor storage. While they

are not visually attractive, they are financially and functionally very attractive to small businesses in need of such space.

Under the current text, the applicant could tear down and replace all of the small buildings with several 200,000 sf buildings, which would mean that all of these smaller spaces would be lost forever. Not only would the businesses be lost to Lacey, but also some would likely be lost entirely because there is a lack of similar small space available anywhere in the area. The applicant has indicated a willingness, if the request is approved, to leave at least three of the buildings in place. Staff is concerned that the text amendment, as presented, does not place any requirement for preservation of three or more of the smaller buildings.

Determining the actual current and future needs for smaller spaces is very difficult. The data that the applicant provided reinforced the need for large spaces. CED staff did a thorough review of the literature and could find nothing that addresses future needs for small spaces. Most of the studies have been approached future needs from the investor/developer perspective, so the focus has been on what real estate development opportunities provide the most attractive profit with increasing demand, rather than focusing on how much space is needed by different types of users. A study that was completed last year as part of the City of Lacey and Port of Olympia Interlocal Agreement reinforced the lack of this type of data. It also reinforced that while investment is being lavished on large warehouse distribution development, there has been almost no new small spaces being built anywhere over the last 20 years.

Existing On-Site Septic Systems and Stormwater

The proposed amendment requires that existing buildings within wellhead protection areas are connected to city sewer within a reasonable timeframe. This is important considering the existing small buildings along the eastern edge of the site that are currently utilizing on-site septic systems in proximity to the city's Betti Well located across Marvin Road to the east. These septic systems are located within the wellhead protection area associated with the well.

Stormwater infiltration at this site will likely be challenging due to subsurface factors. With recent projects in the vicinity including the Gateway Residential subdivision to the west and the Washington State Department of Transportation Olympic Region Headquarters to the north, stormwater treatment and infiltration has been a significant issue. The Marvin Road NE corridor in the site vicinity is mapped by DNR and SCS/NRCS as predominantly compacted glacial till soils, which limits on-site infiltration; for such soils, keeping stormwater dispersed rather than concentrated is the better approach, but the available dispersion area would be limited by the proposed large building footprint. Further, shallow groundwater perched on the till can be a limiting factor affecting stormwater infiltration feasibility. A stormwater report will be required at the project stage of the development but it is important to understand that stormwater may drive project feasibility for a large building.

Compatibility with Surrounding Land Uses

Standards addressing compatibility between sites are included in the proposed amendment and include increased building setbacks, additional landscaping, orientation of truck bay doors, and requirements for a noise study. Standards also address visual and noise impacts created by trucks on and require the applicant to hold a neighborhood meeting to provide information on the proposed development and provide notification of the meeting to surrounding property owners and homeowner's associations/neighborhood groups within 300 feet of the property. These compatibility requirements are consistent with those developed for the Light Industrial zoning district in proximity to residential areas.

In addition to the compatibility with adjacent residential uses, the question about appropriate screening and/or site aesthetics along adjacent arterials (in the HBBP, LLC case Marvin Road) should be considered. Arterials are high volume corridors that serve multiple types of vehicles and land uses. The Marvin Road corridor extends north from Exit 111 to the north boundary of the City. This corridor serves residential and future retail traffic in addition to industrial vehicles. The community expectations for site screening, landscaping, building design, and streetscape as viewed from public right-of-way on corridors that serve a mix of traffic should be addressed.

In review of the application, the Planning Commission should consider whether the additional landscaping and buffering proposed by the applicant is enough considering that much of the Light Industrial-Commercial zone is bordered by residentially-zoned property and adjacent to major arterial corridors. Screening and buffering techniques can take multiple forms such as larger setbacks, landscaping, berms, building placement, building and site design standards or a combination of these techniques.

Traffic and Circulation

The history of the building square footage issue in northeast Lacey related to truck traffic has been well-documented. As the amendments to the building square foot limitation were first lowered and then eventually raised, strategies were put in place to address truck trips and the route that they took to and from their warehouse distribution center. Two major strategies addressed the truck trip issue including designating Hogum Bay Road as the designated truck route and establishing a truck trip fee through the State Environmental Policy Act to upgrade the designated truck routes to accommodate heavy trucks.

The truck route establishes Hogum Bay as the primary truck route such that when a heavy truck exits Interstate 5 at exit 111 it is routed to the first right hand turn off of Hogum Bay Road into the warehouse distribution area. Once unloaded (or unloaded), the truck then proceeds to the Marvin Road corridor southbound to the exit 111 interchange. Because of the infrastructure requirements of large trucks, a per truck trip charge is charged to each development application through the State Environmental Policy Act to upgrade road sections to be able to accommodate heavy trucks. Much of the recent reconstruction to Hogum Bay Road was financed through the truck trip fee.

If the LI-C district is amended to allow up to 500,000 square foot distribution facilities the HBBP, LLC property could be developed with larger distribution facilities. If this is the case, the Hogum Bay truck route would not be a feasible route to travel to the site. The most direct route to the project site would be from Exit 111 to northbound on Marvin Road and a direct left-hand turn into the site. Information provided by the applicant in their transportation analysis (attachment 6) shows that current code would anticipate that 571 average daily truck trips would access the site. Under proposed code, 457 daily truck trips are anticipated. Although this is a reduction of over 100 trucks per day, with a 500,000 square foot building, the volume of larger trucks would change. It is anticipated that most of the trucks accessing a 500,000 square foot facility would be heavy trucks. Additionally, the applicant is showing that the percentage of total truck trips would increase as a percent of overall average daily trips under the proposal. This is an issue that may need further review of the effect this proposal would have on the mix of vehicles on Marvin Road, both existing vehicles as well as the future retail traffic when the Hawks Prairie Business District zone is eventually developed.

NEXT STEPS:

CED staff is continuing our review and analysis of the application proposal and will develop an official recommendation to the Planning Commission prior to the public hearing. The purpose of this work session is to provide the Land Use Committee the opportunity to review the materials submitted to date, be briefed on any public and agency comments received to date, and to discuss and ask clarify questions on the proposal. The Planning Commission will be making a recommendation on the application prior to consideration by the full council.

CITY OF LACEY
Community & Economic Development Department
420 College Street SE
Lacey, WA 98503
(360) 491-5642

OFFICIAL USE ONLY

Case Number: _____
Date Received: _____
By: _____

Related Case Numbers:
_____
_____
_____

ZONING TEXT AMENDMENT APPLICATION

SECTION I

APPLICANT NAME: HBBP, LLC

MAILING ADDRESS: 4039 21ST AVE W STE 306

CITY, STATE, ZIP: SEATTLE , WA 98199

TELEPHONE: 425-990-0694

REPRESENTITIVE NAME: * DAVID TOYER (TOYER STRATEGIC CONSULTING)

MAILING ADDRESS: 3705 COLBY AVE STE 1

CITY, STATE, ZIP: EVERETT, WA 98201

TELEPHONE: 425-344-1523

*** The representative is the person whom staff will contact regarding the application, and to whom all notices and reports shall be sent, unless otherwise stipulated by the applicant.**

SECTION II

A. GENERAL DESCRIPTION OF PROPOSAL; DECRIBE THE INTENT AND REASON FOR PROPOSING A CHANGE TO THE TEXT OF THE ZONING CODE

Applicant owns an assemblage of parcels totaling approximately 61 acres and presently zoned LI-C. Given current and predicted market conditions (and needs), the Applicant desires flexibility to construct an industrial building larger than 200,000 square feet AND retain existing, smaller industrial buildings that are critical to the City's cultivation of small businesses. The proposed code amendment would create this flexibility and include minimum site criteria and site development conditions. Applicant's only other alternative would be to seek a rezone to LI zoning. This would allow for larger buildings, but would not have the added development requirements or require a development agreement. Applicant has attached a more comprehensive analysis of its proposal, the market and other factors.

B. GENERAL PURPOSE OF THE ZONE TO BE CHANGED? CONSIDER WHAT FUNCTION THE ZONE SERVES AS DISCRIBED IN THE COMPREHENSIVE LAND USE PLAN AND HOW THAT FUNCTION OR PURPOSE MIGHT BE IMPACTED BY THE PROPOSED CHANGE

Per LMC 16.39.010, the general purpose of the existing zone is to provide areas for certain types of industrial activities where commercial uses might be allowed (if compatible) and where development can be reviewed for its impacts to infrastructure and retail development; and protection of residential areas required.

Applicant's proposal would provide flexibility for redevelopment consistent with this purpose. See attached analysis.

C. TEXT CHANGE REQUESTED

CURRENT ZONING LANGUAGE:

Applicant has attached a strike-through and underline version of the existing code which shows the proposed changes.

REQUESTED NEW ZONING LANGUAGE:

Applicant has attached a strike-through and underline version of the existing code which shows the proposed changes.

In sum, the proposed changes would allow development of a building larger than the current 200,000 sf in limited circumstances where greater protection or enhanced preservation of wellhead protection areas could be accomplished or where existing buildings could be incorporated into a master site plan to reduced displacement of existing small businesses. Further it would require the developer to enter into a development agreement with the City prior to master site plan approval, which agreement would need to address certain minimum development specific conditions related to perimeter landscaping, buffers noise, and traffic and circulation.

D. DOES THE PROPOSED AMENDMENT AFFECT BOTH THE CITY AND THURSTON COUNTY? IS THE ZONE TO BE CHANGED IN BOTH INCORPORATED AND UNINCORPORATED AREAS; LACEY AND LACEY'S GROWTH AREA? (PLEASE EXPLAIN):

THERE IS NO PROPOSED CHANGE IN THURSTON COUNTY. THIS WOULD ONLY AFFECT THE CITY OF LACEY.

E. WAS THIS ISSUE, THE ZONES SPECIFIC ALLOWED USES OR STANDARDS PROPOSED FOR CHANGE, DISCUSSED DURING THE COMPREHENSIVE PLAN AND ZONING REGULATIONS REVIEW AND ADOPTION PROCESS? IF SO, PLEASE EXPLAN:

UNKNOWN

F. IS THE PRESENT ZONING LANGUAGE THE RESULT OF A MISTAKE? WHAT KIND OF MISTAKE (i.e., ACCIDENTAL OMMISSION, INTENT NOT CLARIFIED)? PLEASE EXPLAIN:

NO.

G. HOW MANY ACRES OF DEVELOPED AND UNDEVELOPED PROPERTY IN THIS ZONING DESIGNATION COULD BE IMPACTED BY THE CHANGE?

DEVELOPED: APPROX. 26 ACRES **UNDEVELOPED:** APPROX. 35 ACRES

WHAT ZONES ARE LOCATED ADJACENT TO THESE AREAS?

HIGH DENSITY RESIDENTIAL (HD), HAWKS PRAIRIE BUSINESS DISTRICT BUSINESS/COMMERCIAL (HPBD B/C), COMMUNITY OFFICE (CO)

LIGHT INDUSTRIAL (LI), MODERATE DENSITY RESIDENTIAL (MD), CENTRAL BUSINESS DISTRICT 5 (CBD-5), OPEN SPACE PARK (OSI-P)

OPEN SPACE INSTITUTIONAL (OS-I)

H. WHAT POTENTIAL LAND USE CONFLICTS COULD RESULT FROM THE PROPOSED CHANGE? CONSIDER ALL LAND IN THE ZONE TO BE CHANGED AS WELL AS EXISTING AND PLANNED LAND USES IN ADJACENT ZONES. DO NOT LIMIT CONSIDERATION ONLY TO THE SPECIFIC PARCEL(S) THAT YOU ARE INTERESTED IN. REMEMBER, A TEXT AMENDMENT WILL IMPACT ALL PROPERTY WITHIN THAT ZONE AND COULD POTENTIALLY IMPACT PROPERTY IN ADJACENT ZONES AS WELL.

Applicant has provided a broader analysis (attached) which looks at both areas of the city zoned LI-C to show Applicant's amendment would have limited effects

within the LI-C zone when minimum site criteria is applied (such as acreage). The benefit of Applicant proposal flexibility in the code to attract redevelopment while

retaining existing smaller buildings (reducing displacement of business) and ensuring a diverse mix (small-medium-large) of buildings spaces for all size businesses.

SECTION III

EXPLAIN HOW THE AMENDMENT IS CONSISTENT WITH THE FOLLOWING:

- **State Growth Management Act (GMA):**
- **County-Wide Planning Policies (CWPP):**
- **Lacey Comprehensive Plan:**
- **Regional Transportation Plan (RTP):**
- **Other Applicable City Plans or Documents:**
- **Neighboring Jurisdictions' Comprehensive Plan (when your proposal affects multiple jurisdictions):**

SUPPLEMENTAL INFORMATION

THIS APPLICATION MUST BE ACCOMPANIED BY THE FOLLOWING INFORMATION:

1- **Environmental checklist (must include 2 CD's containing .pdf copies of all submittal materials, including applications)**
2- **Supplemental information and/or special reports may be required including:**
   a. **Environmental issues;**
   b. **Anticipated impacts from a change in uses or standards of the zone;**
   c. **Other.**

INITIATED BY:

[ ] **Planning Commission. Date of Initiation:** _____

[ ] **City Council. Date of Initiation:** _____

[✓] **Property owners as follows:**

I (We) understand and agree with the above explained need for the map change and are current owners of the property within the City of Lacey.

Michael C. Slattery — Michael C SLATTERY
Signature — **Printed Name**
ADDRESS: P.O. Box 70583, Seattle, WA 98127

_____ — Kevin EKAR
Signature — **Printed Name**
ADDRESS: _____

_____ — _____
Signature — **Printed Name**
ADDRESS: _____

Section 16.39.030(A) of the Lacey Municipal code would be amended to read as follows:

16.39.030 Prohibited uses.
Uses other than those identified or described in LMC 16.39.020 are prohibited, including but not limited to:

A. All buildings over two hundred thousand square feet in size~~.~~ except in accordance with the requirements of LMC 16.39.042.

A NEW Section 16.39.042 is hereby added to read as follows:

16.39.042 Sites of forty acres or more.

Master site plan review and binding site plan approval may be given for projects proposed to contain one building greater than two hundred thousand square feet but not more than five hundred thousand square feet; provided the following site and design standards are met:

A. The site shall consist of a parcel or contiguous parcels totaling a minimum of forty acres.

B. Existing buildings within a 6-month, 1-year or 5-year zone of a wellhead protection area shall be transferred from septic systems to public sewers within twenty-four months after approval of the first building permit unless otherwise provided for by a development agreement.

C. To reduce the displacement of small and medium sized businesses the master site plan should:

1. Integrate three or more existing buildings provided that each building retained be no larger than fifty thousand square feet, and
2. Include at least one building with a minimum of fifty thousand square feet but not more than one hundred fifty thousand square feet.

D. When adjacent to a residential zoned property (LD-04, LD3-6, MD or HD), or an open space institutional zoned property (OSI), the minimum yard setback between the residential or open space institutional zone shall be fifty feet and include a twenty-foot Type I landscaping buffer as defined in LMC 16.80.050(B).

E. Truck bay doors and/or loading or unloading areas shall not face residential zoned property (LD-04, LD3-6, MD or HD), if within two hundred fifty feet of said zones, unless separated by

the placement of a building without bay doors or landscape or other screening that reduces visual and noise impacts.

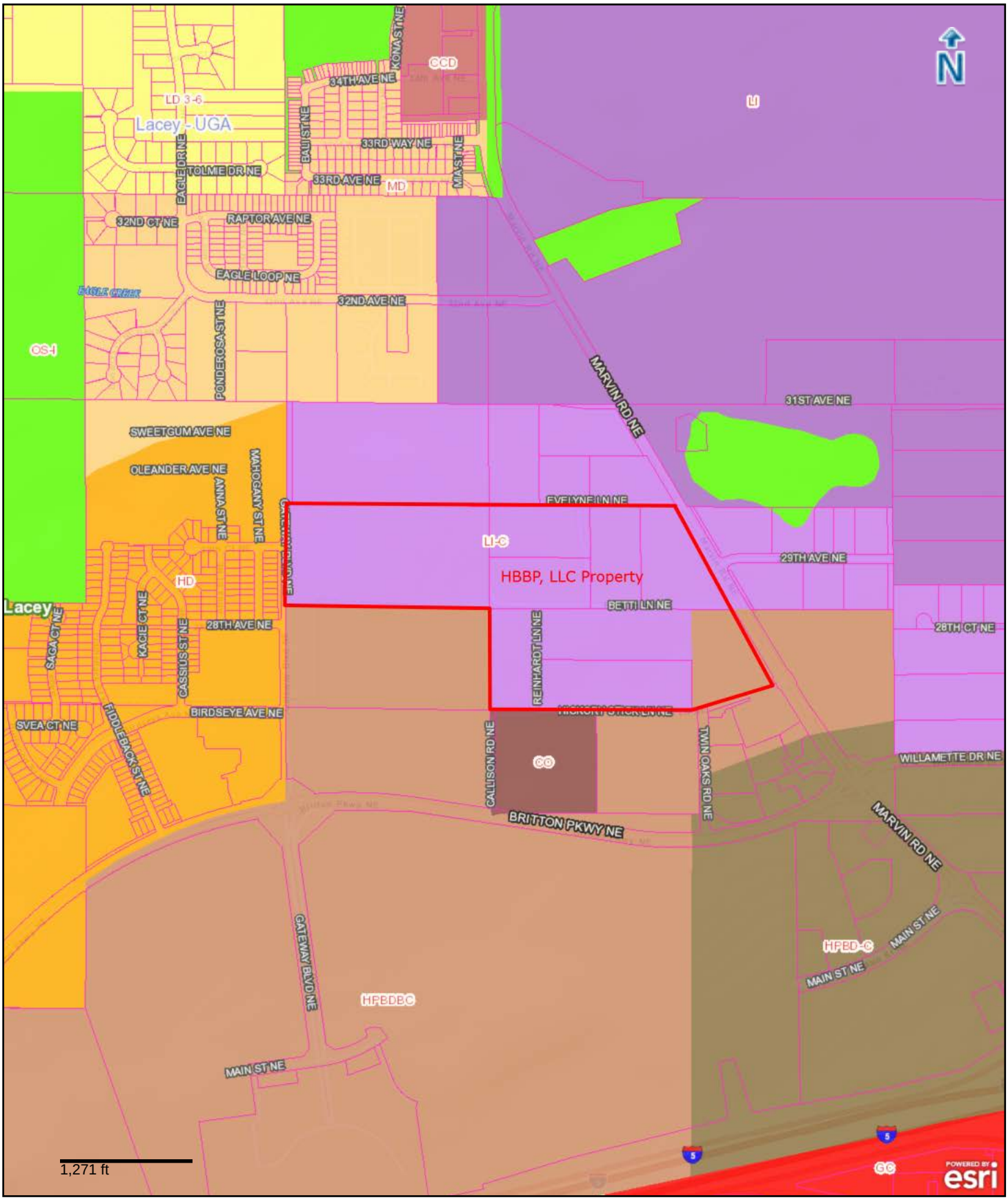
F. When adjacent to a residential zoned property (LD-04, LD3-6, MD or HD), a noise study shall be performed to demonstrate that the proposed use can comply with the maximum noise limits established by LMC 16.57.030 and WAC 173.60.

G. Site design shall incorporate a mix of landscaping, berms, fencing, building setbacks, and/or other site design elements to establish internal transitions between light industrial and commercial uses within the master site plan which reduce visual and noise impacts to created by truck movements, loading and unloading.

H. Truck access and circulation shall be designed to reduce or restrict the travel of truck traffic through residential areas. Such measures may include, but not be limited to, median controls, signage, driveway design, and internal circulation. All methods are subject to approval by the city of Lacey community development and public works departments.

I. New commercial and industrial buildings shall be consistent with the applicable city of Lacey design review standards found in LMC 14.23.082 for commercial buildings and LMC 14.23.083 for industrial buildings.

K. When a site is adjacent to a residential zone, the applicant shall hold a neighborhood meeting to provide information on the proposed development. Notice of the meeting shall be sent by mail to all property owners within three hundred feet, as well as to adjacent homeowners' association or neighborhood groups within the radius.



Hawks Prairie Area Zoning

Background

The Applicant is a developer and owner of industrial real estate in Lacey (and throughout the region), which would like greater flexibility within the LI-C zone to create a larger industrial facility as a trade-off to retaining existing industrial and flex buildings that, under the present code, would be redeveloped and result in the displacement of 18 existing businesses.

To achieve this flexibility, the Applicant proposes a code amendment that would allow a limited increase in the size of industrial buildings within the LI-C zone provided existing buildings are retained and wellhead protection is improved as a result of physical improvements that eliminate septic systems and address the lack of existing stormwater facilities.

Further, it is the Applicant's intent that the proposed code amendment improve the project feasibility by phased development of the site to create new building space that can accommodate tenants that may otherwise be displaced by redevelopment of some portions of the site.

Purpose of this Report

The purpose of this Market Report is to provide an overview of key market and other factors that form the basis for Applicant's proposed code amendment. The Applicant's intent in providing broader information and analysis on the potential impacts and benefits associated with this code amendment to support a community dialogue.

Where possible, the Applicant has provided analysis of impacts consistent with its intended use of the property, but cautions that this analysis should be distinguished as supporting the review and/or setting of policy versus what would be a detailed project-level review of a development application. The Applicant has not submitted for any project at this time.

Market Overview

National Market

According to a recent 2019 report by the Deloitte Center for Financial Services, "*The Future of the Industrial Real Estate Market" the U.S. industrial real estate sector consisting of warehousing, distribution centers, flex spaces and other industrial buildings (with storage) have all experienced healthy growth at a time when other real estate sectors haven't fared as well*." The report further states that during the period from 2014 to 2018, the industrial real estate market experienced a net absorption of nearly 1.4 billion square feet.

And looking to the future that the prediction is, "*[m]acroeconomic factors, tenant needs, last-mile delivery, and rapid technology evolution are likely to reshape demand and warehouse space design*." When considered as part of their industrial real estate demand forecast model, they predict:

Positive

1. *Industrial real estate demand is expected to increase by 850 million square feet to 14.8 billion square feet by 2023.*

2. *Double-digit growth in e-commerce sales will drive demand for industrial real estate.*

Less Positive

1. *Rising availability rates and higher cost of capital will lower demand growth, as US economic growth is expected to slow down in 2020.*

Despite these concerns of lower demand growth, the forecast of 850 million square feet in demand by 2023 in relative terms is equivalent to the total amount of industrial real estate space available in Atlanta and Salt Lake City combined.

The Deloitte report perspective is echoed by a September 2019 forecast by the Urban Land Institute (ULI) predicting in the next three years:

"*National vacancy or availability rates are forecast to rise modestly for all property types, though generally less than indicated by the previous forecast. . . [i]ndustrial availability will be 7.4 percent in 2021, 40 bps higher than 2018 but well below the long-term average of 10.2 percent."*

What's driving demand? Primarily, e-commerce.

Deloitte's report points out the following drivers within the e-commerce business:

- Companies need 20 percent more space to manage reverse logistics compared to normal sales
- Sales are expected to grow 15.0% annually, reaching 14.8% of all retail sales by 2023
- Product returns from online purchases are 3.0x those bought at a brick and mortar retail store

The influence of e-commerce on Wholesale Trade, Transportation and Warehousing is specifically mentioned in the 2017 Countywide Employment and Commute Forecast produced by the Thurston Regional Planning Council (TRPC), which notes "*overall there is a shift from brick and mortar retail and increase in online sales, which makes freight transportation a growing sector*." And further, "*Industrial sites in Thurston County have better freeway access, and relatively less congestion. . .*" Both of which factors are key site location criteria for warehousing and distribution operations.

E-commerce aside, Deloitte highlights other factors influencing the continued growth of warehousing and the creation of new warehousing:

- Real business inventories are increasing, which are attributable to continued increases in consumer spending and business/consumer confidence

- Gas price increases projected over the period from 2019 to 2023 will prompt warehousing to seek locations in closer proximity to commuters to reduce transportation costs
- Nearly 1/3rd of U.S. warehouse buildings are over 50 years old and the average age of all warehousing is 34 years, making older facilities in less convenient areas even less efficient to operate

Additional, related factors not identified by the Deloitte study include:

- Real business inventories are also increasing due to more volatile trade markets/tariffs that have resulted in more goods being held in inventory
- Rising gas prices impact consumer spending habits, adding demand for e-commerce as "free shipping" is weighed against the cost and time commitment of driving to brick and mortar retail locations

Additional market observations and reports include:

- CBRE's 2020 U.S. Real Estate Market Outlook predicts that the demand for industrial warehouse spaces less than 120,000 square feet will increase as a result of e-Commerce companies' efforts to offer same-day delivery to customers.
- CBRE also reported in 2019 that the availability of industrial spaces between 70,000 and 120,000 square feet declined from 11.3% to 7.4% over the last five years with vacancy rates falling from 9.0% to 4.5%.
- A separate CBRE report on the impact of e-Commerce highlights the following impacts it's had on industrial development:
    - Each incremental $1 billion in e-commerce sales growth results in the need for an additional 1.25 million square feet of distribution space
    - Broader logistics demand has results in increasing building sizes by 108,665 square feet (143% increase) and 3.7 feet in building height
- Cushman and Wakefield's 2020 North American Industrial Outlook states that demand will be supported by, "Economic growth, global trade and the continued buildout of eCommerce, third-party logistics (3PL) last-mile facilities, fulfillment centers and bulk warehouses. . ."
- A July 2019 article on NAIOP's blog points to a Jones Lang LaSalle (JLL) cheat sheet report with the following highlights:
    - The average square foot requirement for an industrial building has shrunk 10,000 square feet to 360,000 square feet
    - However, the "megabox" is still important because only two markets have space availability that exceeds tenant requirements currently in play
    - Over 45% of warehouses have space requirements between 100,000 and 250,000 square feet
    - Relocations of tenants seeking new space was up 108% from the prior year

- Further, there is a likelihood of demand growth for industrial buildings beyond warehouse space, as Bank of America Securities' Global Research division released a report titled "Tectonic Shifts in Global Supply Chains" in which it reports that "global supply chains are on course to be uprooted and brought home, or transplanted to strategic allies. Manufacturing is moving back to North America. . ."

REGIONAL MARKET

More specific to the Puget Sound Region, a Q3 2019 Market Report by NAI Properties highlights a regional vacancy rate of approximately 5.0%. Industrial lease rates in the Northend (Everett / Marysville), as well as Seattle and the Eastside (Bellevue/Redmond/Issaquah) are higher than those in the Southend (Kent Valley) and Pierce County, creating a more than $6.00 per square foot per year differential between Seattle and Pierce County.

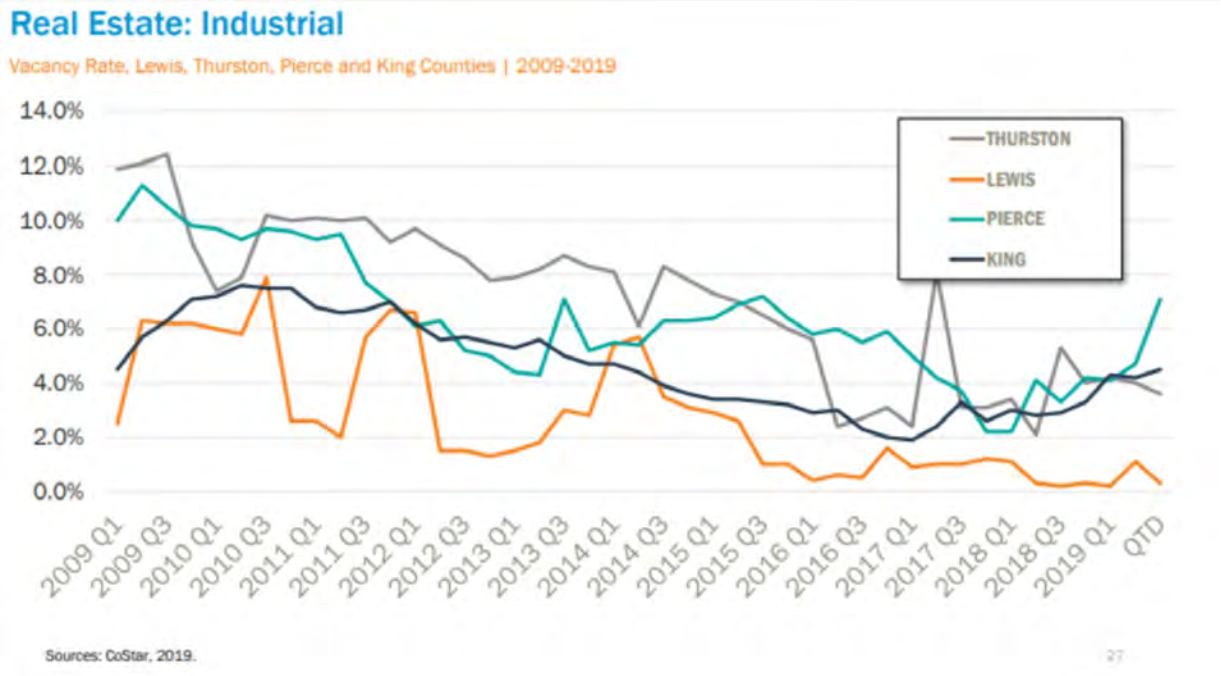
The result of this significant price differential has fueled substantial light industrial and warehouse development in the Pierce County with remaining unfulfilled demand expanding southward to Thurston County. While this is to great benefit of existing warehouse owners, the circumstances create additional economic challenges for developers of warehouse spaces who now must optimize development plans to include: optimal site lay-out, max. floor-area-ratios (FAR) and wall panel to slab ratios, larger building footprints which reduce construction cost per square foot, and incorporate energy-efficient systems designs. Without these efficiencies in-place new projects can quickly become economically infeasible as they become either difficult or impossible to finance due to high cost of construction in conjunction with relatively lower market rents which erode projected investment returns resulting in risk / reward imbalances that banks will not accept. Further, as smaller building footprints are more costly to construct due to the inability to achieve economies of scale, smaller building rates should command a premium to justify construction starts. As rental rates in the Lacey market have been relatively flat many of these projects are economically infeasible with the exception of owner/users who may be able to justify higher costs to build due to operational and strategic efficiencies that don't exist for developers.

Further, Pierce and Thurston counties proximity relative to the Port of Seattle/Tacoma and the Seattle and Portland Metro areas provide ideal conditions to accommodate warehouse delivery which serve two major metro areas from a single location with close-in I-5 access.

These are the primary factors that specifically influence Lacey's desirability. Because conditions such as costs, location, logistics and workforce can support large, more efficient distribution facilities that can consolidate traditional hub and spoke distribution to retail stores, last mile delivery type two-day shipping, consolidate returns processing and restocking, and same-day delivery functions into higher efficiency, hybrid facilities. An immediate example of which is the new type of facility that Home Depot is building off Hawks Prairie Road.

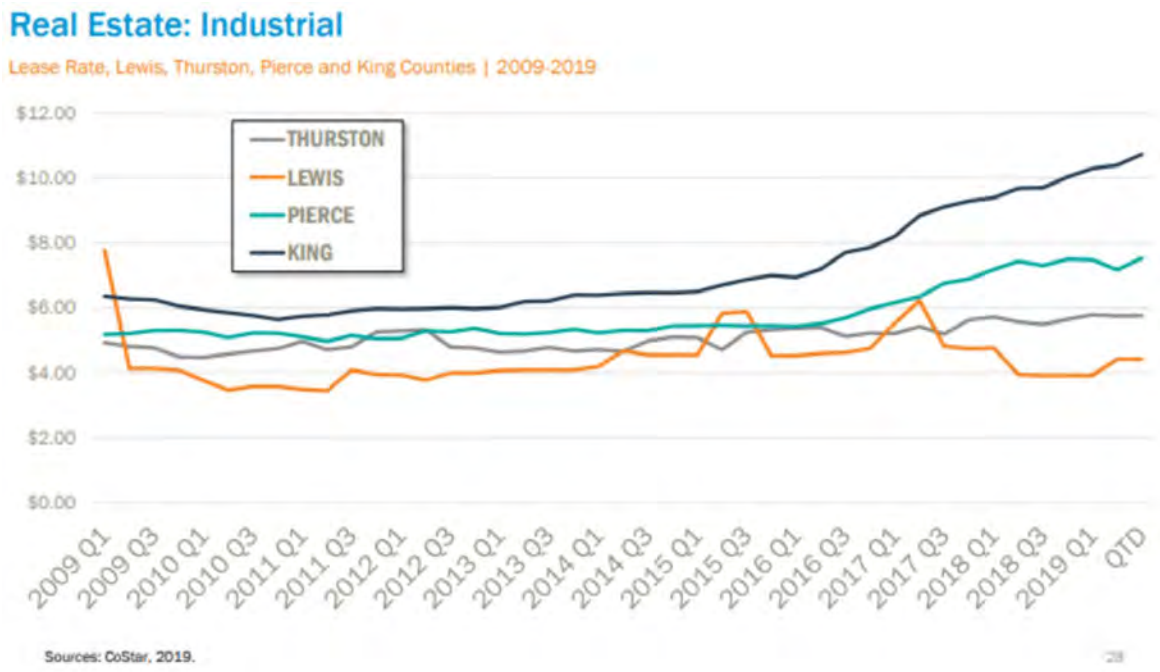
At a very basic level, vacancy rates are a snapshot of present supply and demand conditions where high vacancy is typically associated with contracting market demand (such as a recession) or where overbuilding (over supply) has occurred. While vacancy is often considered a bad thing, having some vacancy is important because it means a community has the inventory (supply) to attract new businesses and expanding space footprints of existing businesses as they grow.

The graph on the next page shows CoStar data for vacancy rates in a four-county area (King, Pierce, Thurston, Lewis) from 2009 to Q1 2019. In sum, vacancy rates for industrial space in all four counties has dropped since 2009 with Thurston County seeing the vacancy rate fall from over 12.0% in 2009 to under 4.0% in the first half of 2019.



Stable and affordable lease rates are positives when a community seeks to attract or retain businesses while rising lease rates correspond with strong demand and new construction starts. By contrast, flat or declining lease rates in an area disincentivizes building owners from reinvesting in aging facilities and dissuades developers from making new capital investments in facilities where the cost of new construction would result in higher lease rate requirements versus what would be accepted in the market.

The following on the following page contains CoStar data demonstrating rental rates for industrial space in King and Pierce counties have steadily risen since 2016 but remaining relatively flat or have decreased in both Thurston and Lewis counties. With low vacancy rates it would typically be expected that rental rates would rise (as they did in King and Pierce). This may suggest that despite the positive site location factors (i.e. proximity to I-5, lower rental rates, available workforce), available industrial space in Thurston County may not offer enough options in size to attract future opportunities.



As shown above, the lease rates in Thurston County for Q1 2019 were roughly $5.00 per square foot below rates in King County and roughly $2.00 per square foot below Pierce County. This data is comparable to the lease rates shown in the Q3 2019 Market Report by NAI Properties which shows a nearly $6.00 per square foot differential between the Seattle and Pierce submarkets, and only a $1.29 per square foot difference between the Southend (Kent Valley) and Pierce submarkets.

Per the current differences in rates between submarkets (or counties), construction costs have a greater impact on the feasibility of projects in Thurston County (Lacey). With some exceptions for specialty facilities, construction costs per square feet are much lower in larger facilities versus smaller facilities primarily due to site optimization, ratio of wall panel to slab, efficiencies in site mobilization and infrastructure work, scaled building systems, and scaled construction. Based on our firm's industrial project management experience and recent conversations with area contractors, we know that building costs for facilities over 400,000 square feet are about one-third the cost of buildings 100,000 square feet or less. Current estimates for buildings over 400,000 square feet had costs in the $30.00 to $37.00 per building square foot range while buildings under 100,000 square feet had significantly higher costs in the range of $80.00 to $91.00 per building square foot.

LOCAL MARKET

Looking specifically at the Lacey Market, the Applicant pulled multiple listing service (MLS)[1] data on February 19, 2020 to analyze available, leasable industrial and flex space within (primarily) the LI-C and LI zones. An analysis of the data[i] found that there are at total of 18 spaces available across existing, new construction, under construction, and proposed buildings. The overall average building size was just over 156,000 square

[1] Tables of the data can be found in the endnotes

feet with an average leasable space of 133,133 square feet, and an average divisible space[2] of 82,311 square feet.

Among these 18 buildings identified:

- The 8 existing buildings average total leasable space 15,641 square feet with an average divisible space size of 10,245 square feet
- The 7 buildings under construction that will have an average total leasable space available of 269,642 square feet with spaces divisible to as little as 14,306 square feet
- The 3 proposed range between 20,918 and 147,960 square feet with an average building size of 72,705 square feet
- Only 4 of the 18 buildings fall between 200,000 square feet with 2 between 200,000 sf and 500,000 square feet in size and 2 greater than 500,000 square feet

This analysis looked further at the number of days on the market for each building and type, which provides some insight into the local market for space. However, it is not an exclusive indicator as days on the market figures depend on a number of situations, including:

- An existing building's functional application or obsolescence for that type of use (e.g. ceiling heights too low, energy inefficiency, mix of parking for cars, trucks and trailers, etc.)
- The lease rate for new construction versus that of comparably sized existing facilities
- Extended listing periods can result from listing 'build to suit' industrial buildings in advance of even applying for development approval

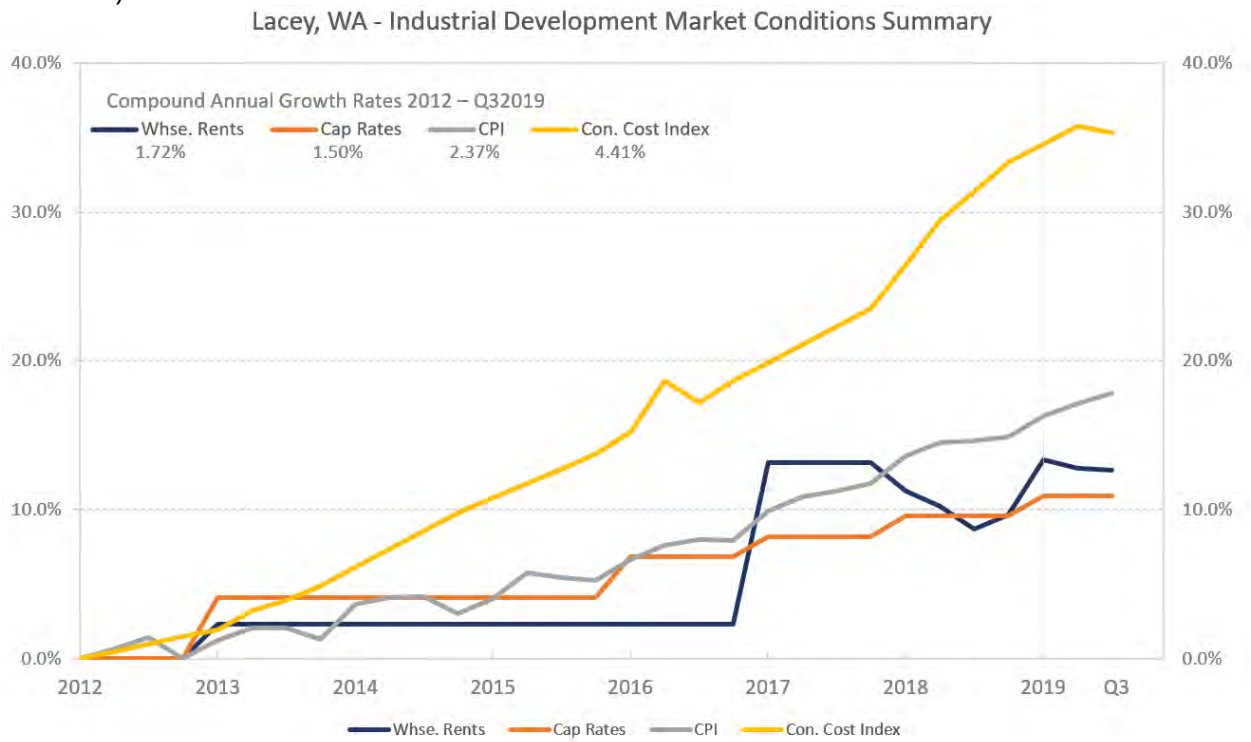
Based on the data obtained from the multiple listing service (MLS), 'days on market' can be broken down as follows:

Category	Days on Market
All Buildings	310
Existing Buildings	325
Under Construction	281
Buildings Proposed	253

[2] Divisible space are areas within industrial buildings that were designed to have demising walls in the event of leasing to multiple tenants

To look at historical market need, we sourced Lease Comp data from Co-Star on 71 industrial leases[3], which showed that industrial space needs among these 71 leases averaged of 60,676 square feet. Further, out of the 71 leased facilities, only 11% (8) of these involve space over 100,000 square feet. This would, at least on its face, support the presumption that space sought for lease tend to be smaller or within larger multi-tenant buildings.

To provide further insight into the current state of the economic dynamics in the Lacey market, we looked at the historical relationships (2012 – Q3 2019) between Lacey warehouse rental rates (per square foot) and capitalization rates ("cap rates" an indication of projected rate of returns for a market and asset type) in conjunction with macro data specifically, construction costs and the Consumer Price Index ("CPI" Seattle-Tacoma-Bremerton, WA). As evidenced in the data over the sample period, construction cost growth has vastly exceeded growth in rental rates and cap rates in the Lacey market. Growth in construction costs can be attributed to broad increases in contractor demand from new domestic and regional construction starts. While favorable for construction trades (higher demand should translate to larger profitability margins for contactors and sub-contractors), this dynamic makes new construction starts more challenging in Lacey where rental rates and cap rates have not kept pace with broader cost driven growth. To offset the challenges of higher costs and elevated development risks would-be developers are being forced to seek sites that can offer economies of scale where fixed costs can be "spread-out" or reduced due to project scale (cost per square foot) or, in some cases, new projects are put on-hold completely until the market conditions can come back into balance (either by decreases in construction cost, increases in rental rates, or some combination of the two).



[3] This data does not include buildings owned by the occupant

A Building Type for a Range of Uses

Although often referred to generically as 'industrial warehousing' the types of industrial buildings envisioned by the Applicant are flexible spaces that can support a range of industrial and commercial uses as envisioned within the Light Industrial-Commercial zoning district. Beyond traditional warehousing and distribution, this building type supports businesses engaged in wholesale trade, food preparation and packaging, light manufacturing and much more. Because these types of facilities are large (size and height) and easily divisible for tenant improvements, they offer the developer greater flexibility to be able to accommodate a single user or multiple users with varying size needs.

For example, the Reserve at Woodinville is a recent industrial warehouse project featuring two buildings (measuring 42,700 and 158,725 square feet respectively) that after buildout had a mix of uses, including Woodinville Custom Wines and Black Raven Brewing.

Similar industrial warehouse projects throughout the region have created spaces now occupied by gymnastics facilities, dance studios, trade schools, indoor go-kart tracks, commercial bakeries, corporate offices, cabinet manufacturers, and more. And this has been accomplished in facilities purposefully built small (under 100,000 square feet) as well as those 150,000 square feet and larger.

Applicant's proposed amendment to allow one building in a master site plan to be larger than 200,000 square feet is likely to attract a single user but could still be occupied by multiple users. By limiting the code amendment's applicability to sites larger than 40 acres, additional development and/or redevelopment on the site is likely to result in several facilities in the 125,000 to 200,000 square feet size range, which could each have 3 to 4 tenants consisting of many types of commercial and industrial users.

Market Summary and Conclusions

We believe the following conclusions can be drawn from the local market information available:

- Spaces in existing buildings are typically under 50,000 square feet and have been on the market for longer than both new construction and proposed buildings[4]
- New construction and proposed building sizes range from under 50,000 square feet to over 500,000 square feet with many proposed and marketed as being divisible for multiple tenants
- One third (6 out of 18) of the industrial buildings listing have a total size falling between 100,000 and 200,000 square feet
- Although there are reports that demand for buildings between 70,000 and 120,000 square feet are increasing, were the Applicant to develop under the existing code, it would double the number of available buildings between 100,000 and 200,000 square feet and very likely result in an oversupply of space within the 70,000 to 120,000 square feet range (based on how space could be divisible for leases)
- The proposed code amendment would provide flexibility so the Applicant could retain existing buildings, construct a single, larger industrial facility (still in high demand) and potentially develop

[4] In areas with a large number of build to suit facilities planned, but not under construction, the "days on the market' figure can be sometime be skewed longer

additional new, smaller industrial buildings to serve the market seeking space under 150,000 square feet

- There are not enough existing buildings and spaces on the market to effectively retain the 18 existing businesses that could be displaced as a result of Applicant developing the site under the current code (the 18 businesses are leasing space that ranges from 1,500 square feet to 13,500 square feet)

Applicant's desired flexibility resulting from this code amendment has no impact on the flexibility of the site to accommodate a range of uses, which may include traditional uses such as manufacturing, distribution, and wholesale trade. Industrial buildings (generally referred to as industrial warehousing) in other communities throughout the region have attracted non-traditional users seeking this type of space because of its high ceilings and larger spaces. These non-traditional users have included wineries, breweries, trampoline parks, corporate headquarters, and more.

The proposed code amendment would provide a path for the Applicant to propose a building of up to 500,000 square feet. However, the Applicant's ultimate proposal could be based on a specific tenant's need, site characteristics as identified through the entitlement process, and/or changing market conditions. Thus, while up to 500,000 square feet would be possible the actual building footprint could be less.

Growth Opportunities

Applicant's desire to gain the flexibility to construct a large facility in the LI-C zone is not just about constructing a bigger building. In fact, it's part of Applicant's broader objective to retain existing tenants by serving current and future tenants as they expand and grow, as well as create opportunities to balance the need for new construction with the need to retain existing, in-demand spaces. Without a change in code to allow for this flexibility, the Applicant could presently move forward with redevelopment of the entire site, displacing 18 existing businesses whose spatial needs wouldn't easily be accommodated in the existing market.

The Applicant has been an active owner / developer in the Thurston County and Lacey markets dating back to the late 1980's. Since then, the Applicant has expanded its presence in the Lacey market completing 8 additional ground-up development projects to date. A large part of the Applicant's success in the area is due to its commitment to the Lacey market, understanding regional market dynamics and business trends, cultivating local relationships, and the capability to respond to Tenant space needs when demanded. A primary constraint to the Applicant's success is the ability to accommodate space needs as existing and new tenants grow. Without available product to accommodate Tenant demand, Tenants have no choice but to seek alternative building spaces for long-term planning, in some cases outside of Lacey and Thurston County. This results in the undesirable outcome of having to re-tenant spaces at the cost of the Applicant and losing existing businesses that seek-out facilities in alternative markets.

As evidenced in the table below, the Applicant has a strong track-record of accommodating existing Tenants as they seek to expand existing Lacey-based operations – this is an opportunity but also a constraint based on the Applicant's available building supply. As the Applicant's largest building footprint is currently 84,000

square feet, the Applicant desires to provide larger space ranges to Tenants, not only due to financial and economic feasibility factors, but to also to retain existing relationships as Tenant space requirements grow.

Applicant's Holdings - Thurston County - Tenant Matrix				
Tenant Size	Tenant Count	% of Total	Avg. Space sf	Avg. Bldg. Size
0 - 3K sf (500sf min)	13	25.0%	2,192	21,231
+3K - 5K sf	3	5.8%	4,650	45,133
+5K - 10K sf	22	42.3%	7,273	22,534
+10K - 25K sf	5	9.6%	17,759	65,100
+25K - 50K sf	6	11.5%	33,450	61,475
+50K sf	3	5.8%	74,863	79,667
Total	**52**	**100.0%**	-	-
Portfolio tenants that have expanded space size beyond initial lease space size:				
	14	26.9%		

Having the ability to accommodate current and future Tenant needs in the Lacey market not only strengthens existing Tenant / Applicant relationships, it also strengthens the interwoven commerce fabric of the local market by providing the infrastructure to keep existing businesses in Lacey and cultivate relationships with new market entries.

Long-Term Land & Building Capacity

The City of Lacey has established LI-C and LI zoning in the "Hawks Prairie" and "Lakes" planning area (except that two parcels zoned LI-C fall within the "Central" planning area[5]). In total the City has 140 acres of LI-C zoning[6]. This section only analyzes the land use within the "Hawks Prairie" planning area, choosing to separately analyze the "Lakes" planning area LI-C zone later in this report when addressing "impacts to other LI-C zones."

The intent of this section of the report was to identify and evaluate the land and building capacity of the LI-C zone in "Hawks Prairie" and compare it to certain aspects of the areas zoned LI[7] to more broadly examine land supply, building diversity (size, type, etc.) and future building capacity.

Regardless of whether the City approves the Applicant's proposed code amendment, the LI-C area will experience future development. Under either the Current Code or Desired Change scenarios, the LI-C area will like attract development of light industrial buildings, which can be expected to be shell buildings flexible enough to serve a mix of uses that include manufacturing, warehousing and distribution, wholesale trade and even (potential) office space.

[5] For purposes of simplicity we refer to both the "Lakes" and "Central" LI-C zoned areas as the "Lakes" planning area. Additionally, the "Lakes" LI-C zoned area has different factors and characteristics that impact its future development potential
[6] Source: 2016 Lacey Comprehensive Plan Table 2.2
[7] A second LI zoning area is located in the "Lakes" planning area. Given that this area only has four parcels to analyze, we included these within the "Hawks Prairie" LI zoning analysis.

The first summarizes key data from the City's industrial buildings across all zones, while the table on the next page looks solely at the existing condition of the LI-C zone in concert with the current code and the impact of the Applicant's proposal while the table below

Citywide Industrial Data[8]

11.11 million	8.98 million	194,897	76,801
square feet of industrial buildings (built & under construction)	square feet of industrial space occupied	average building size	average building size under 200,000 square feet

58,984	45,555
average tenant size all industrial space regardless of size	average tenant size in buildings under 200,000 square feet only

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[8] Data sourced from industrial and commercial brokers and supplemented with research by Toyer Strategic Consulting

Table: "Hawks Prairie" LI-C Zoning

	Existing Condition	Current Code	Applicant's Proposal
Vacant parcels (avg parcel size in acres)	10 (5.69)	8 (5.87)	8 (5.87)
% of buildings <15,000 square feet (total number)	88% (36)	67% (19)	80% (31)
% of buildings >15,000 but <100,000 square feet (total number)	12% (5)	11% (3)	13% (5)
% of buildings >100,000 square feet (total number)	0% (0)	21% (6)	8% (3)
Summary of buildings >100,000 square feet	0% of buildings 0% of total square feet	21% of buildings 82% of total square feet	8% of buildings 66% of total square feet
Estimated square feet of use by building type (in square feet)	Industrial – 15,744 Indus. Flex – 131,900 Office – 18,144 Warehouse – 199,370 Other – 9,200	Industrial – 15,744 Indus. Flex – 436,920 Office – 18,144 Warehouse – 547,466 Other – 9,200	Industrial – 15,744 Indus. Flex – 105,160 Office – 18,144 Warehouse – 872,466 Other – 9,200
Average building size (square feet)	12,351	59,834	40,160
Total current building square feet[9]	374,368	1,169,474	1,020,714
Future building square feet based on vacant parcels	609,109	609,109	609,109
Average building size of future development[10,11]	67,679	67,679	67,679
Future building size range low to high	11,550 (low) 125,000 (high)	11,550 (low) 125,000 (high)	11,550 (low) 125,000 (high)

[9] Assumes constant status of remaining vacant parcels in the LI-C zone of this planning area
[10] Only includes 8 non-applicant vacant parcels, assumes WSDOT property (~19 acres) developed with two 125,000 sf warehouse/light industrial buildings
[11] Only assumes build out as warehouse/light manufacturing, but actual development could include greater mix and result in less or more building square feet based on allowed lot coverage, setbacks, parking and other like requirements for site design

The Applicant's proposal would not directly or immediately impact the LI zone. However, by identifying and evaluating characteristics of the LI zone, the City can better see its development capacity and potential mix of uses. We believe the table below is supportive of the Applicant's proposal because:

- Although development capacity exists[12] there is limited future capacity to support large facilities in the LI-C and LI zone without an amendment to code
- Coupled together the LI-C and LI zones can provide a mix of building types and sizes that should meet overall market needs

LI Zone Summary[13]

~1,068 acres[14] with 91 parcels & 78 buildings	Building from 1,800 sf to greater than +1 million sf	16 vacant parcels with an average size of 6.54 acres	~1.9 million square feet[15] of future building capacity

Key LI Zone Characteristics

35 of 78 existing buildings 50,000 square feet or less (58% of total)	**2** out of 78 existing buildings greater than 1 million square feet (3% of total)	**10.6 million** total square feet within existing buildings	**118,920** Estimated square feet for average future building size
13% of existing buildings are greater than 200,000 square feet	**69%** of total square feet within existing buildings greater than 200,000 square feet	**14** likely number of future buildings under 200,000 square feet	**3** Likely number of future buildings over 200,000 square feet

Building Use[16]Type (Total Square Feet):	Building Use Type (% of Total Square Feet):
653,281 – Industrial	6% – Industrial
798,418 – Industrial Flex	8% – Industrial Flex
60,184 – Office	1% – Office
207,952 – Cold Storage	2% – Cold Storage
8,794,350 – Warehouse	83% – Warehouse
114,763 – Other	1% - Other

[12] Because of cost and other market factors, predicting broader redevelopment of assembled parcels is more difficult and thus it was not included in this analysis
[13] Analysis was completed using aerial photography compared against assessor data on built structures and floor area ratios (FARs) achieved by past dev
[14] Source: 2016 Lacey Comprehensive Plan Table 2.2.
[15] This includes projected buildout of the Bridgepoint site
[16] Use type reflects the building type identified in property tax records

Effect on Adjacent Land Uses

Any development of Applicant's site is required to comply with city codes and regulations which establish standards for landscaping, buffering, screening and noise. In its code amendment, the Applicant has proposed that a development agreement be required. Chapter 16.82 of Lacey's Municipal Code (LMC) enables the use of Development Agreements for several purposes, including to:

> "*encourage innovative land use techniques and to further achieve public benefits, a development agreement pursuant to this chapter may impose development standards that differ from standards of the Lacey Municipal Code and the Lacey Development Guidelines and Public Works Standards. . .includ[ing] infrastructure requirements, street standards, performance standards . . . All development standards must achieve public benefits."* 16.82.020(B) LMC

Applicant's proposed code amendment would require a Development Agreement between the developer and the City, as well as establish minimum development conditions that must be included. These minimum development conditions would address the transition between uses, screening for trucks and noise impacts.

Impact to the Other LI-C Zone (Carpenter Road)

Increasing the building size restriction from 200,000 to 500,000 square feet in the LI-C zone to accommodate a larger facility in the LI-C zoning within the "Hawks Prairie" planning area would not impact the City's other LI-C zoning that straddles the Lakes/Central" planning areas along Carpenter Rd SE, south of Pacific Ave SE (south of Interstate-5).

This area of LI-C zoning contains 15 parcels and 20 buildings with a combined building footprint of 244,022 square feet. Existing building inventory in this area is predominantly older industrial flex and warehouse space with a lower than typical floor area ratio (FAR). Low FAR and aging buildings can be predictors of redevelopment, but redevelopment in this area is more likely to be limited in the next 10-15 years due to several factors:

1. The area's smaller average parcel sizes (2.23 acres)
2. Increases in FAR are more likely to involve small expansions of existing buildings as opposed to wholesale redevelopment with a modest increase in building footprint
3. Assemblage of larger redevelopment projects are very unlikely given the public ownership of 1/3 of the area's parcels
4. The availability and developability of smaller, vacant parcels within the "Hawks Prairie" LI zone closer to I-5 interchange
5. Redevelopment is/can-be subject to current code, older buildings were not designed and constructed with current code requirements contemplated and the upgrade costs to meet code in conjunction with redevelopment costs can create economically infeasible circumstances

Lastly, as this area is only 35.78 acres, it would fall below the 40-acre minimum site size Applicant proposes as one of the key criteria for permitted buildings larger than 200,000 square feet.

Traffic Analysis

To support the proposed code amendment, we commissioned Gibson Traffic Consultants to complete a non-project level trip generation analysis of three development scenarios at the Applicant's site to determine both the total traffic impact, as well as the percentage of traffic that may be attributable to trucks.

Scenario 1 – Current Code
This scenario assumes development as allowed under the current LI-C zone, resulting in six new light industrial buildings (each under the 200,000 square foot cap) totaling 963,000 square feet. These buildings are most costly (per building square foot) than a larger facility, would result in the loss of existing, smaller industrial buildings (displacing tenants).

Scenario 2 – 2015 Development Master Plan
This scenario assumes development as contemplated in a 2015 Development Master Plan, which would result in an industrial and office park type campus. This is very similar to uses the Applicant has proposed on a site south and east of this property (on the east side of Marvin Road). Based on the Applicant's feasibility and anticipated absorption rates, development of both locations in this fashion would compete against one another.

Scenario 3 – Desired Change
This scenario examines the construction of a 500,000 square foot facility and retention of several smaller industrial buildings, as well as create of two more moderately sized facilities. Given Applicant's holdings in Lacey, as well as the building sizes envisioned for this location, the diversity of building sizes (from very small to large) improves marketability and provides existing businesses a broader range of options as they grow, expand and relocate.

Gibson's analysis demonstrates the following:

1. Total daily trips in the Scenario 2 (Former Master Plan) would be nearly one and a half times the volume of trips that could be created by Scenario 1 (Current Code) and more than double that of Scenario 3 (Desired Change).

2. Scenario 3 (Desired Change) shows that while truck trips are a greater percentage of total trips, the overall volume of truck trips is less than what could occur in Scenario 1 (Current Code).

3. Scenario 3 (Desired Change) would result in fewer trucks trips in the AM Peak Hour than what could happen in Scenario 1 (Current Code).

4. Scenario 3 (Desired Change) would result in more truck trips in the PM Peak Hour than what could happen in Scenario 1 (Current Code).

Except for the PM Peak Hour, Scenario 3 (Desired Change) would have less impact than Scenario 2 (Former Master Plan) or Scenario 1 (Current Code).

A full copy of Gibson's analysis can be found in immediately following this market summary.

Other Environmental Factors

The intent of Applicant's proposal is not solely rooted in the Applicant's desire to improve the economic development potential of the site. In fact, the Applicant intends this code to have multiple outcomes, including:

1. Provide greater development flexibility, including the opportunity to accommodate a building footprint greater than 200,000 square feet (but not more than 500,000 square feet).

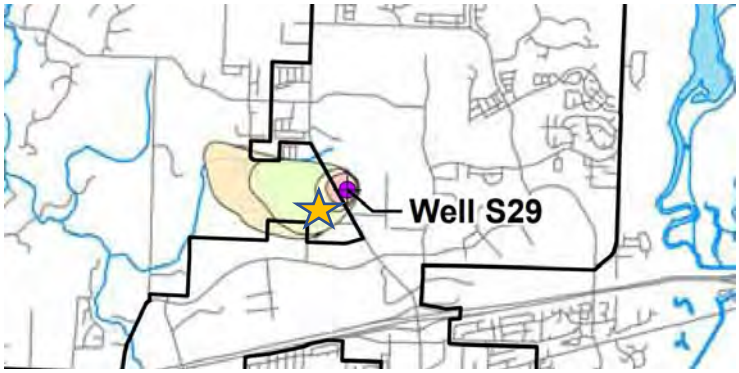
2. Link the development flexibility granted with a greater public benefit, which can provide:

    a. Better protection or enhanced preservation of well head protection areas (especially in areas within the 6-month, 1-year or 5-year zones) as a result of providing sewer connections to eliminate septic systems in the area, as well as adding stormwater improvements to serve existing development in the same master site plan.

    b. Retention of small, existing industrial buildings in order to reduce displacement of small businesses and ensure that Lacey benefits from having a wide range of industrial building footprints to support everything from the small, custom manufacturer up to the large warehouse and distribution facility.

Wellhead Protection

Looking specifically at the Applicant's site (the star on the photo to the right), a portion of the site is located within Lacey's wellhead protection area (WHPA) zones for Well S-39. The Applicant contends that in allowing flexibility within the code for the development of one larger footprint building will allow the Applicant to consolidate development with greater ability to avoid conflicts with these WHPA zones.



Further, under the current code the smaller, existing industrial buildings on this site could be demolished and replaced with larger industrial facilities (under 200,000 square feet). One benefit of that would be the severance of the existing septic systems serving those buildings, which would improve protection of the City's well. Applicant's proposal to add flexibility for a single large facility would not only allow the Applicant to retain some of the smaller, existing industrial buildings on the site, but make it more feasible for the Applicant to connect these facilities to sewer.

Critical Areas

Applicant's site does not contain critical areas and given the intent and applicability of the proposed zoning text amendment, no impact to critical areas is anticipated.

Stormwater

Applicant's proposed code amendment would not change or eliminate the required analysis of stormwater during development review, as is regulated by Lacey's adopted stormwater design manual, including the completion of a wet-season soil and subsurface analysis. The proposed code would not change the amount of impervious surface allowed within the zone.

Instead, proposals under this new section of code would continue to be required to provide adequate stormwater facilities for the new buildings while also looking at stormwater facilities or improvements that may be necessary for existing development within the master site plan area. As with any other development, the ultimate footprint of any new building would reflect the site's characteristics and conditions, the applicable development regulations, and market conditions at the time of application.

Noise

The Applicant is providing a non-project action noise analysis from SSA Acoustics that analyzes the noise limits that would be appliable at this location, identifies the common sources of noise within proposed industrial development, the potential noise impacts to adjacent properties, and typical mitigation measures.

The Applicant's proposed code amendment would include a requirement to complete a noise study and show compliance with city and state limits for noise.

Infrastructure Availability & Capacity

This proposal is not a project level proposal and a detailed project-level analysis of infrastructure was not completed. However, this proposal requires, as part of the required development agreement, a more specific analysis of access and circulation.

Further, Applicant's information demonstrates:

1. Overall traffic volumes are projected to be below those anticipated as a result of development under the current code; except for a small different in truck trips in the PM peak hour.

Lastly, as mentioned previously, one infrastructure benefit is the potential to extend sewer and connect it to existing buildings that would be retained.

Employment Analysis

Expected Employment

To identify expected employment, we relied upon like projects for which we've consulted, as well as buildable lands reports and market studies from throughout the Puget Sound region. In compiling the data there is a wide range of employment densities attributed to each of the industries below. However, for purposes of our analysis, we used the following:

Warehousing & Transportation:	1 employee per 1,500 square feet
Manufacturing & Wholesale:	1 employee per 900 square feet
Industrial Flex[17] (<15,000 sf):	1 employee per 700 square feet

Further, we limited our analysis to only two scenarios. The Scenario 1 (Current Code) and Scenario 2 (Desired Change). Under the current code, all existing buildings would be replaced by new buildings, resulting in the displacement of an estimated 202

	Current Code	Desired Change
Jobs Retained (*estimate*)	0	176
Jobs Created (*estimate*)[18]	865	610
Total	865	786

LOCATION QUOTIENTS

Location Quotients (LQ) are used by economic developers to examine an industry or employment concentration in a region as compared to the nation. An LQ *below* 1.0 means a region has less than the expected employment, while an LQ *above* 1.0 means a region has higher employment as compared to the nation. LQ does not look at and is not a

Looking at the industry segments most likely to use large industrial buildings, we relied on JobsEQ® reports to identify the location quotients for key industries. These LQs are developed using the Quarterly Census of Employment and Wages (Bureau of Labor Statistics) updated to the period Q4 2018 to Q2 2019 to identify employment levels in Thurston County as well as their respective location quotients:

Manufacturing	3,473	0.34
Transportation & Warehousing	3,289	0.59
Wholesale Trade	3,283	0.69

These figures show that Thurston County has relatively even employment among the above sectors, but its employment concentration in those sectors is below the national average. By contrast, looking at Public Administration Retail Trade; Accommodation and Food; Other Services; and Professional, Scientific and Technical Services reflect the following:

Public Administration	24,476	4.17
Retail Trade	13,871	1.07
Accommodation & Food	9,699	0.86
Other Services	5,150	0.95
Professional, Sci and Technical	5,858	0.70

[17] The small buildings on Applicant's property are a mix of industries that includes manufacturing, wholesale and retail trade, contracting and etc. For these flex industrial uses (light industrial/specialty trade contractor) we have assumed a slightly higher employment density.

[18] Build under current code assumed light industrial buildings would have a mix of warehousing and transportation related uses (not high cube warehousing) as well as manufacturing, and wholesale.

Workforce by Industry

The manufacturing, wholesale trade, and transportation and warehousing industry segments account for 2.8% (3,473), 2.6% (3,283), and 2.6% (3,289), respectively, of the total workers in Thurston County[19].

5-Year Trend, 10-Year Projections for Thurston County

The table below looks at the annual % of growth by industry in select industry sectors for Thurston County. Transportation and Warehousing has the 2nd best 10-year growth rate behind Professional, Scientific and Technical. In this forecast, manufacturing and public administration are expected to growth slowly.

Industry	5-Year History (Annual % Growth)	10-Year Forecast (Annual % Growth)
Manufacturing	0.0%	0.2%
Transportation & Warehousing	1.6%	1.3%
Wholesale Trade	1.0%	1.0%
Public Administration	3.1%	0.6%
Retail Trade	2.3%	0.9%
Accommodation & Food	4.1%	1.2%
Other Services	2.1%	1.0%
Professional, Sci and Technical	4.7%	1.8%

Average Wages (Thurston County)

According to data from JobsEQ® the average worker in Thurston County earned annual wages of $52,368 as of Q2 of 2019. This was slightly higher than the average in both Pierce County ($52,015) and Lewis County ($43,531). This data also indicated that annual wages over the preceding four quarters should increases of 5.5% in Thurston County against 6.1% in Lewis County and 5.5% in Pierce County.

Industry Sector Wage Analysis by Occupation

"Laborshed Characteristics" Reports are a type of report used in some states use to identify workforce data by occupation and based on the distribution of the workforce within an area. The area can be a city or a county from which the "laborshed" is the area from which that city's or county's workers commute. The data identified in the process includes that laborshed's potential labor pool, wages, benefits, commute times, etc.). These reports are then segmented based on the "characteristics" of the employee's standard occupational classifications (SOC).

In other words, the manufacturing industry would be composed of SOCs such as operations managers, industrial engineers, forklift operators, and office and administrative support. Conversely, retail or restaurant would include occupations such as customer service representatives, cashiers and bartenders. We believe this would be exceptionally helpful in this matter, but the State of Washington Employment Security Department (ESD) does not produce these types of reports.

[19] Source: JobsEQ® using data from the Quarterly Census of Employment and Wages (Bureau of Labor Statistics) from Q4 2018 to Q2 2019.

However, using ESD data collected by SOCs we prepared a comparison of occupational wages for three of the more common industry sectors expected in the LI-C and LI zones which included light industrial and commercial uses (combining retail and food service).

This ESD data is sourced from Occupation Wage Surveys for Thurston County (released in the Spring of 2019) and should be viewed as occupation specific and not industry specific. The table below shows wage data for the compiled occupations in each industry sector (the same occupation may show up in multiple sectors). This data shows wage ranges for Manufacturing and Warehousing & Distribution are higher than those for retail and food service.

	Manufacturing		Warehouse/Distribution		Retail/Food Service	
	Hourly	Salary	Hourly	Salary	Hourly	Salary
Entry Level Wage						
Low	$12.11[20]	$25,188	$12.11[22]	$25,188	$11.94[24]	$24,480
High	$43.01[21]	$89,447	$43.01[23]	$89,447	$27.05[25]	$56,283
Median Wage						
Low	$14.02[26]	$29,167	$14.21[28]	$29,547	$12.11[30]	$25,174
High	$58.49[27]	$121,657	$52.39[29]	$108,956	$49.23[31]	$102,392
Experienced Wage						
Low	$16.22[32]	$33,742	$17.37[34]	$36,133	$12.64[36]	$26,292
High	$67.42[33]	$140,243	$58.19[35]	$121,031	$74.29[37]	$154,526
Average All						
Entry	$18.71	$38,917	$18.34	$38,148	$13.65	$28,397
Median	$24.93	$51,846	$24.91	$51,817	$16.75	$34,836
Experienced	$30.72	$63,898	$30.42	$63,276	$20.77	$43,203

[20] SOC 43-4151 Order Clerks
[21] SOC 11-3061 Purchasing Managers
[22] SOC 43-4151 Order Clerks (Median Wage
[23] SOC 11-3061 Purchasing Managers
[24] SOC 41-2011 Personal Care and Service Occupations
[25] SOC 11-2022 Sales Managers
[26] SOC 43-4171 Receptionist and Information Clerks
[27] SOC 11-3121 Human Resource Managers
[28] SOC 43-9199 Office and Administrative Support Workers – All Other
[29] SOC 11-3061 Purchasing Managers
[30] SOC 41.2011 Personal Care and Service Occupations
[31] SOC 11-2022 Sales Managers
[32] SOC 43-4171 Receptionist and Information Clerks
[33] SOC 11-3121 Human Resource Managers
[34] SOC 53-7062 Laborers and Freight, Stock, and Material Movers, Hand
[35] SOC 11-3061 Purchasing Managers
[36] SOC 35-9031 Host and Hostesses, Restaurant, Lounge and Coffee Shop
[37] SOC 11-2022 Sales Managers

[i] Tables of MLS Listings

Lacey - Available MLS Listings as of 02.19.20 - ALL

Listing ID	Address	For Lease Space Size	Divisible Size	Actual Building Size	Days on Market	Status
620299	7600 Hickory Stick Rd Lacey, WA 98516	1,553	1,553	1,553	91	Existing
619216	2590 Willamette Dr Lacey, WA 98516	5,658	2,000	12,510	119	Existing
601551	2641 Williamette Dr Lacey, WA 98516	4,680	4,680	28,654	544	Existing
618086	2830 Willamette Dr Lacey, WA 98516	10,000	6,000	48,700	148	Existing
597983	8925 Orion Dr Lacey, WA 98516	8,265	8,265	44,200	635	Existing
609166	2830 Willamette Dr Lacey, WA 98516	33,000	8,500	48,700	345	Existing
621196	7422 Betti Ln Lacey, WA 98516	9,000	9,000	9,000	64	Existing
616837	8000 Hogum Bay Rd Lacey, WA 98516	14,306	14,306	214,121	169	Under Construction
616836	8000 Hogum Bay Rd Lacey, WA 98516	149,488	30,000	214,121	169	Under Construction
599716	9050 Orion Dr Lacey, WA 98516	41,050	41,050	41,050	586	Existing
620341	3800 Marvin Rd Lacey, WA 98516	49,238	49,238	49,238	89	Proposed
609947	0 Orion Dr Lacey, WA 98516	124,700	50,000	124,700	327	Under Construction
618737	3301 Hogum Bay Rd Lacey, WA 98516	684,078	53,586	717,554	566	Under Construction
601499	0 Hogum Bay Rd Lacey, WA 98516	147,960	90,000	147,960	537	Proposed
614030	0 Hogum Bay Rd NE & 31st Ave NE Lacey, WA 98516	144,766	144,766	144,766	244	Under Construction
609946	0 Polaris Ln Lacey, WA 98516	194,239	194,239	194,239	327	Under Construction
604465	9225 Polaris Ln Lacey, WA 98516	198,501	198,501	198,501	447	Existing
616918	3800 Marvin Rd Lacey, WA 98516	575,918	575,918	575,918	168	Proposed
	Total	2,396,400	1,481,602	2,815,485	-	
	Average	133,133	82,311	156,416	310	

Lacey - Available MLS Listings as of 02.19.20. Sort: Existing Buildings

Listing ID	Address	For Lease Space Size	Divisible Size	Total Building Size	Days on Market	Bldg Status
620299	7600 Hickory Stick Rd Lacey, WA 98516	1,553	1,553	1,553	91	Existing
618648	7921 29th Ave Lacey, WA 98501	20,918	9,910	20,918	133	Proposed
619216	2590 Willamette Dr Lacey, WA 98516	5,658	2,000	12,510	119	Existing
601552	2641 Williamette Dr Lacey, WA 98516	4,680	4,680	28,654	544	Existing
618086	2830 Willamette Dr Lacey, WA 98516	10,000	6,000	48,700	148	Existing
597983	8925 Orion Dr Lacey, WA 98516	8,265	8,265	44,200	635	Existing
609166	2830 Willamette Dr Lacey, WA 98516	33,000	8,500	48,700	345	Existing
599716	9050 Orion Dr Lacey, WA 98516	41,050	41,050	41,050	586	Existing
	Total	125,124	81,958	246,285	-	
	Average	15,641	10,245	30,786	325	

Lacey - Available MLS Listings as of 02.19.20. Sort: Under Construction Buildings

Listing ID	Address	For Lease Space Size	Divisible Size	Total Building Size	Days on Market	Status
616837	8000 Hogum Bay Rd Lacey, WA 98516	14,306	14,306	214,121	169	Under Construction
616836	8000 Hogum Bay Rd Lacey, WA 98516	149,488	29,488	214,121	169	Under Construction
614030	0 Hogum Bay Rd NE & 31st Ave NE Lacey, WA 98516	144,766	144,766	144,766	244	Under Construction
609946	0 Polaris Ln Lacey, WA 98516	194,239	194,239	194,239	327	Under Construction
609947	0 Orion Dr Lacey, WA 98516	124,700	50,000	124,700	327	Under Construction
616918	3800 Marvin Rd Lacey, WA 98516	575,918	575,918	575,918	168	Proposed
618737	3301 Hogum Bay Rd Lacey, WA 98516	684,078	53,586	717,554	566	Under Construction
	Total	1,887,495	1,062,303	2,185,419	-	
	Average	269,642	151,758	312,203	281	

Lacey - Available MLS Listings as of 02.19.20. Sort: Proposed Buildings

Listing ID	Address	For Lease Space Size	Divisible Size	Total Building Size	Days on Market	Status
601499	0 Hogum Bay Rd Lacey, WA 98516	147,960	90,000	147,960	537	Proposed
618648	7921 29th Ave Lacey, WA 98501	20,918	9,910	20,918	133	Proposed
620341	3800 Marvin Rd Lacey, WA 98516	49,238	49,238	49,238	89	Proposed
	Total	218,116	149,148	218,116	-	
	Average	72,705	49,716	72,705	253	

PLAN CONSISTENCY ANALYSIS

Prepared by Toyer Strategic Consulting for HBBP, LLC

LI-C Zoning Code Amendment

Section III of the Zoning Text Amendment application requires an analysis of how the proposed zoning text amendment is *consistent* with (or supported by) the following plans and documents:

- Growth Management Act (GMA)
- Countywide Planning Policies (CWPPs)
- Lacey Comprehensive Plan
- Regional Transportation Plan (RTP)
- Other Applicable Plans or Documents
- Neighboring Jurisdictions' Comprehensive Plans

The following narrative identifies relevant plan goals, policies and implementation strategies (or objectives) and provides a brief statement of how Applicant's proposal is consistent.

CONSISTENCY WITH THE GROWTH MANAGEMENT ACT (GMA)

GOAL 1 — Urban growth. Encourage development in urban areas where adequate public facilities and services exist or can be provided in an efficient manner

This proposal supports urban growth in urban areas where adequate public facilities and services exist (or could be provided in the future). This proposal would create flexibility to allow a mix of new development, redevelopment and retention of existing development in order to serve a broader range of industrial businesses (or businesses requiring industrial spaces).

GOAL 2 — Reduce sprawl. Reduce the inappropriate conversion of undeveloped land into sprawling, low-density development.

This proposal would provide greater flexibility for accommodating industrial uses within the Lacey UGA, which includes allowing larger footprint buildings (in limited circumstances) and preserving existing, small industrial buildings that serve small businesses in the area (including manufacturing, wholesale trade, and contractor space).

The intent of the GMA is to reduce conversion of 'undeveloped' lands in rural areas into urban level development. The flexibility created by this proposal is likely to minimize the displacement of small businesses and reduce market pressures that push displaced businesses outside the Lacey UGA into smaller existing buildings or into newer, cheaper facilities on large rural lots. Such examples would include situations where a displaced business constructs an affordable building (e.g. steel building; outbuilding; etc.) on a large rural lot in order to relocate their business. The latter is an unnecessary conversion of undeveloped land into sprawling, low density development.

GOAL 3 — Transportation. Encourage efficient multimodal transportation systems that are based on regional priorities and coordinated with county and city comprehensive plans.

This proposal encourages development and redevelopment in a location that recognizes and supports the availability of multi-modal transportation systems. The proposal would effect an area of zoning adjacent to a major arterial (Marvin Road), as well as be located near transit routes (existing and planned) and within a short distance of an Interstate 5 interchange (under construction) that is intended to provide both congestion relief and support for freight mobility. Further, the shorter distance between Applicant's LI-C location and Interstate 5 would result in truck traffic traveling shorter distances within Lacey.

GOAL 5 Economic development. Encourage economic development throughout the state that is consistent with adopted comprehensive plans, promote economic opportunity for all citizens of this state, especially for unemployed and for disadvantaged persons, promote the retention and expansion of existing businesses and recruitment of new businesses, recognize regional differences impacting economic development opportunities, and encourage growth in areas experiencing insufficient economic growth, all within the capacities of the state's natural resources, public services, and public facilities.

This proposal is consistent with the economic development goal of GMA, as it creates the flexibility within the LI-C zone needed to retain, expand and attract diverse business that require a range of facility sizes.

GOAL 10 Environment. Protect the environment and enhance the state's high quality of life, including air and water quality, and the availability of water.

This proposal is consistent with the protection and enhancement of the state's water quality and availability of water, as it would apply to redevelopment and development of those parcels where opportunities exist to preserve or enhance wellhead protection areas critical to the City of Lacey's water supply. This proposal's flexibility ensures that redevelopment and development have both an environmental and public benefit.

GOAL 11 Citizen participation and coordination. Encourage the involvement of citizens in the planning process and ensure coordination between communities and jurisdictions to reconcile conflicts.

The development flexibility desired by the Applicant could be accomplished in two ways: through a rezone of Applicant's property to LI or the proposed LI-C zoning text amendment. Under the process for a rezone, the decision solely looks at replacing one zone with another. By contrast, a zoning text amendment requires broader consideration of the development conditions required for a use to be allowed. The latter is more consistent with GMA's public participation goal because it creates a meaningful opportunity for citizen involvement in policy decisions that directly influence site development and design characteristics.

GOAL 12 Public facilities and services. Ensure that those public facilities and services necessary to support development shall be adequate to serve the development at the time the development is available for occupancy and use without decreasing current service levels below locally established minimum standards.

This proposal would support development within an urban area (and major corridor) that is best suited to provide adequate facilities and services at the time of development. This proposal is not itself an approval of a development, but Applicant has submitted with its application a traffic analysis which shows the impact to transportation facilities would be equal to or below that which could occur under the existing code. Further, this proposal would require any future development to enter into a development agreement and be reviewed under a project-level SEPA to ensure any inadequacies in public facilities or services are address at the time of development.

CONSISTENCY WITH THE COUNTY-WIDE PLANNING POLICIES (CWPPS)

1.13 Protect the natural environment while acknowledging the interdependence of a healthy environment and a healthy economy.

This proposal provides site design flexibility that can reduce some of the impacts associated the intensity of development in areas that are within a 6-month, 1-year or 5-year zone for a wellhead protection area. We believe such flexibility will provide greater protection for or enhance the preservation of these wellhead protection areas.

7.1 Encourage an economy that is diverse, can adapt to changing conditions, and takes advantage of new opportunities.

Facility needs and requirements are constantly evolving, especially with the rise of e-commerce and more highly automated manufacturing facilities. To keep pace the City of Lacey needs a building inventory that can appeal to a wide range of industrial uses, including warehousing, wholesale trade and manufacturing.

This need must also be balanced against the impacts of redevelopment which often eliminates existing, affordable building spaces, displacing smaller businesses and entrepreneurs (some of which are feeder industries or suppliers for larger businesses in the area).

This proposal attempts to balance both the need for moderate to large size facilities, as well as the need to retain existing building options to cultivate small businesses and entrepreneurs.

7.2 Support the recruitment, retention and expansion of environmentally sound and economically viable commercial, public sector and industrial development and resource uses, including the provision of assistance in obtaining funding and/or technical assistance.

Facility needs and requirements are constantly evolving, especially with the rise of e-commerce and more highly automated manufacturing facilities. To keep pace the City of Lacey needs a building inventory that can appeal to a wide range of industrial uses, including warehousing, wholesale trade and manufacturing.

This need must also be balanced against the impacts of redevelopment which often eliminates existing, affordable building spaces and displaces smaller businesses and entrepreneurs.

This proposal attempts to balance both the need for moderate to large size facilities, as well as the need to retain existing building options to cultivate small businesses and entrepreneurs.

7.5 Build a vital, diverse and strong local economy, including job opportunities that support community and household resilience, health, and well-being, by:

c. Providing opportunities for a range of business types to succeed.

Lacey needs an industrial building inventory that can appeal to a wide range of users, including warehousing, wholesale trade and manufacturing. This need must also be balanced against the impacts of redevelopment which often eliminates existing, affordable building spaces and displaces smaller businesses and entrepreneurs (some of which are feeder industries or suppliers to larger businesses in the area). This proposal attempts to balance both the need for moderate to large size facilities, as well as the need to retain existing building options to cultivate and support small businesses and entrepreneurs.

h. Encouraging the utilization and development of areas designated for industrial use, consistent with the environmental policies in these countywide policies.

This proposal would provide needed flexibility in an area designated for industrial use and result in improved environmental protection or enhancement.

10.2 Establish a pattern and intensity of land and resource use that is in concert with the ability of land and resources to sustain such use, reduce the effects of the built environment on the natural environment, conserve natural resources and enable continued resource use, through:

This proposal would provide needed flexibility in an area designated for industrial use and result in improved environmental protection or enhancement. Further, this proposal would consolidate the intensity of land use in

conjunction with providing landscaping, buffering and transitions between uses that reduce the visual and aesthetic impacts of the built environment.

d. Minimizing high noise levels that degrade residents' quality of life

This proposal would consolidate the intensity of development in conjunction with providing landscaping, buffering and other transitions between uses that reduce the potential for noise impacts that disrupt quality of life.

CONSISTENCY WITH THE LACEY COMPREHENSIVE PLAN

Framework Land Use Policies

Policy A: It is the City's overall goal to enrich the quality of life in Lacey for all our citizens by building an attractive, inviting, and secure community. The City will work in partnership with the community to foster community pride, to develop a vibrant and diversified economy, to plan for the future, and to preserve and enhance the natural beauty of our environment. All policies and proposed development code and zoning changes should be reviewed with this goal in mind.

This proposal to change the zoning code is intended to strike a balance between competing needs, including the desire for larger facilities, the retention of existing buildings (and the businesses those support), and creation of appropriate transitions (landscape, etc.) between the built environment and natural environment (especially to minimize impacts to residential areas).

Policy B: Lacey's land use pattern should accommodate carefully planned levels of development that promote efficient use of land, reduce sprawl, encourage alternative modes of transportation, safeguard the environment, promote healthy neighborhoods, protect existing neighborhood character, and maintain Lacey's sense of community.

This proposal is intended to provide flexibility within the LI-C zone to balance all these objects.

Policy C: Support efforts for job creation, new livable wage jobs, and promote the diversification of the community's businesses and employment sector.

This proposal would allow, under specific conditions, a larger facility size within the LI-C zone, which improves the City's ability to attract a wide range of potential tenants (including warehousing, wholesale trade and manufacturing) or create a larger space that can support an expanding local business as larger facilities can serve large single tenants or be devisable for use by multiple tenants in different industry sectors. Lastly, this proposal provides an incentive to retain smaller, existing industrial buildings that are more affordable spatial options for small businesses and entrepreneurs.

Commercial & Industrial Goals and Policies

Goal 3: Encourage and promote the development of high quality industrial development.

This proposal would allow, under specific conditions, the construction of a larger facility in the LI-C zone. Industrial buildings are flexible spaces that can ultimately appeal to a mix of industrial users. This proposal makes no changes to the industrial design standards in the City.

Policy A: Designate an adequate supply of land for high quality industrial uses based on appropriate site characteristics, anticipated need, and adequacy of facilities and services.

This proposal would provide needed flexibility in an area designated for industrial use and is likely to result in improved environmental protection or enhancement. Such flexibility in the sizing of buildings recognizes current and future needs for industrial space among users that range from manufacturers to large distribution warehouses and from wholesalers to contractors.

Policy C: Review land use policies and standards to implement the goals, policies, and objectives contained in the Economic Development Element.

This proposal is consistent with the goals, policies and objectives contained within the Economic Development Element as addressed further in this review.

Policy D: Prioritize industrial development which adds to the tax base, provides family-wage jobs, and diversifies and strengthens our local economy.

This proposal would provide needed flexibility in an area designated for industrial use. Further, this proposal would ensure the City's tax base can be expanded to support primary sector industries, such as manufacturing, by adding to the range of facility sizes available locally.

Policy E: Utilize subarea planning to help guide the development and redevelopment of planned industrial areas.

This proposal would be consistent with goals, policies and implementation measures within the Hawks Prairie Planning Area as address further in this review.

Policy F: Industrial uses should be located, designed, built, landscaped, operated, and maintained to ensure compatibility with nearby land uses.

This proposal would provide needed flexibility for industrial development in the LI-C zone while also addressing landscaping, transitions and etc. through a required development agreement between the City and future developer.

Policy G: Industrial areas should be located where they are adequately served by necessary utilities and transportation routes and where adverse impacts can be mitigated.

This proposal would provide needed flexibility in an area designated for industrial use, which is adequately served by utilities, located on a major arterial corridor, connected with a strategy corridor, and substantially closer to I-5 access than many other industrial sites.

Commercial & Industrial Implementation Strategies

(1) Evaluate existing commercial and industrial land use designations and provide additional areas to meet the land demand projections for the planning period.

This proposal seeks to balance the needs of businesses requiring both small and large facilities. This is analyzed in more detail in Applicant's accompanying market analysis.

(5) Develop standards and programs complementary to economic development strategies identified in the Economic Development Element.

This proposal would be consistent with the goals, policies and objectives contained within the Economic Development Element as addressed further in this review.

Urban Growth Area Goals and Policies

Goal 6: Ensure a diversification of employment opportunities in the UGA so residents can work, live, shop and play all within close proximity.

This proposal would create flexibility that encourages the development of new buildings while retaining smaller, existing buildings. Maintaining this mix of industry facility types and sizes allows the City to meet a wide range of industrial needs and creates more diverse employment opportunities in the UGA.

Transportation and Land Use Goals and Policies

Goal 2: Support land use policies and plans to allow densities and a mix of uses that reduce the number and length of vehicle trips. Increase the opportunity to use public transportation and non-motorized modes of travel.

This proposal would affect LI-C zoned property that is within ¼ mile of a transit route as measured from the southern boundary of the Applicant's site. This presents an opportunity for the City to encourage industrial development at a size and scale that would be more likely to utilize this transit infrastructure. This proposal seeks to balance the need for large facilities with the need for smaller, affordable facilities.

Policy A: Provide incentives for new development located within ¼ mile of Intercity Transit served corridors. Development incentives could include, but are not limited to, density increases, increased square footage, additional building height, transportation mitigation fee adjustments, and parking requirement incentives.

Applicant's site is located from its southern boundary within ¼ mile of an Intercity Transit served corridor. This is consistent with this policy to incentivize development near transit corridors that is more likely to utilize transit services.

Policy B: Encourage land development proposals to utilize the full capacity of the existing multimodal transportation system, especially transit and non-motorized modes.

This proposal would create the opportunity for a large facility to locate near an existing transit served corridor and in closer proximity to Interstate 5.

Policy C: Ensure that destination sites, including job centers, commercial areas, office complexes and other economic development generators are connected with multimodal transportation options.

This proposal would be consistent as the location is within ¼ mile of a transit served corridor.

Water Resources

Goal 1: Ensure the long term protection and preservation of both the quality and quantity of groundwater and surface waters for all uses.

This proposal would allow for the flexibility to create one larger building footprint in order to incentivize greater protection or enhanced preservation within 6-month, 1-year or 5-year zones of the wellhead protection areas.

Goals and Policies Hawks Prairie Planning Area

Policy B: Ensure that the Northeast Area Plan is updated on a regular basis to reflect existing and future development patterns

Although this plan has not be updated on a regular basis, we review this proposal's consistency with the plan under the "Other Applicable Plans or Documents" section of this document.

Goal 3: Support the Hawks Prairie Area as a local hub for light industrial development and employment center.

This proposal will continue to support the Hawks Prairie Area as a local hub for light industrial development and employment, but it will also incentivize the retention of small, existing industrial buildings which are more affordable to small businesses and entrepreneurs. If approved, this proposal would ensure the City maintains a diverse portfolio of industrial buildings that can fulfill a wide variety of industrial user needs.

Policy A: Support building square footages that encourage a broad range of users provided that appropriate requirements for multiple building complexes, design review, and compatibility with adjacent residential areas are addressed.

This proposal would allow for a larger building footprint (increased square feet) provided certain conditions are met to improve compatibility between and transitions among uses. This proposal would require a development agreement between the City and the developer to specifically address landscaping and other development conditions.

Economic Development Element

Goal 1, Policy A: Lacey recognizes the positive impact that businesses provide to citizens, to the economy, and the provision of financial resources necessary to provide essential public services.

This proposal would attract new business investment and incentivize the retention of existing, smaller industrial buildings needed to support smaller businesses and entrepreneurs.

Goal 2, Policy A: Ensure an adequate supply of developable, appropriately-zoned land is available to meet the various uses needed by Lacey businesses now and in the future.

This proposal would attract new business investment and incentivize the retention of existing, smaller industrial buildings needed to support smaller businesses and entrepreneurs. The intent of the proposal is to strike a balance between current needs, as well as market needs for the short-term and long-term.

Policy G: Be proactive in ensuring that Lacey is ready to meet its business customers' needs by the time the needs arise.

This proposal proactively looks for a way to attract investment in new industrial buildings while providing an incentive to retain existing, smaller industrial buildings needed to support smaller businesses and entrepreneurs.

Goal 3, Policy G: Concentrate economic development resources on business retention and expansion, while fostering an environment where local businesses and entrepreneurs can thrive.

This proposal is intended to balance the need to create new industrial space with that of retaining existing spaces essential to business retention and expansion efforts. It also recognizes that as small businesses grow, the City must have an inventory of buildings (varying in size) to which local business may expand.

Although a larger footprint building may typically attract only a single tenant, such space is available for and may attract multiple tenants. Further, tenants that presently have multiple facilities in the area may seek to consolidate within a single, larger building if it were available in the market.

Goal 5, Policy A: Consider all viable economic development tools and resources to encourage new business formation, existing businesses to stay and expand, and out-of-area businesses to locate in Lacey

This proposal is intended to balance the need to create new industrial space with that of retaining existing spaces essential to business retention and expansion efforts. It also recognizes that as small businesses grow, the City must have an inventory of buildings varying in size if the City is to maximize its economic development efforts.

CONSISTENCY WITH THE REGIONAL TRANSPORTATION PLAN

Transportation & Land Use Consistency

Goal: Ensure the design and function of transportation facilities are consistent with and support sustainable, healthy urban, suburban, and rural communities

This proposal would create development flexibility within ¼ mile of an existing transit corridor and within a short distance of an Interstate-5 interchange. As such, it would limit the distances truck and other traffic would travel within the City.

Policy 1.a Commit to the development and implementation of land use plans, development patterns, and design standards that encourage walking, bicycling, transit use, and other alternatives to driving alone

This proposal would create development flexibility within ¼ mile of an existing transit corridor and within a short distance of the Interstate 5 interchange. As such, it should aid in the development and use of area transit by employees commuting to work.

Policy 1.c Meet mobility, access, and economic goals in designated Strategy Corridors with an appropriate combination of investments, policies, and land use measures

This proposal would create zoning flexibility within ¼ mile of an existing transit corridor and within the vicinity of a strategy corridor. As such, it should aid in the development and use of area transit by employees commuting to work.

Transportation Demand Management

Goal: Increase overall operating efficiency of the transportation system through the effective use of measures that reduce the need to drive

This proposal would create zoning flexibility within ¼ mile of an existing transit corridor and within the vicinity of a strategy corridor.

Freight Mobility

Goal: Promote efficient, cost-effective, timely, and safe movement of freight in and through the region

This proposal would create zoning flexibility that allows a larger footprint building, which if occupied for warehousing and distribution or wholesale trade, would support freight movement and mobility throughout the region.

Policy 8.a Support freight access to and from highways and other major freight corridors, and between the region's intermodal facilities and industrial areas

This proposal would create zoning flexibility that allows a larger footprint building, which if occupied for warehousing and distribution or wholesale trade, it would be consistent with this policy because of its location to Interstate-5 and other industrial areas.

Policy 8.c Explore strategies to reduce conflict and optimize safety for all transportation system users where industrial/commercial land uses are in highly urbanized areas

This proposal is intended to allow for flexibility in the LI-C zone. In exchange for a larger building footprint, it would require a master site plan address the transition between industrial and commercial uses to reduce conflicts.

Public Transportation

Policy 10.a Support Intercity Transit's long-range plan, which emphasizes trunk and primary routes serving core areas along designated strategy corridors, with supportive land use and appropriate design standards developed by local jurisdictions.

This proposal would create zoning flexibility within ¼ mile of an existing transit corridor and within the vicinity of a strategy corridor. As such, it should aid in the development and use of area transit by employees commuting to work.

Policy 10.b Increase the share of trips made by public transportation.

This proposal would create zoning flexibility within ¼ mile of an existing transit corridor and within the vicinity of a strategy corridor. As such, it should aid in the development and use of area transit by employees commuting to work

OTHER APPLICABLE PLANS OR DOCUMENTS

Overview

The *Northeast Area Plan* dates to 1991 (pre-GMA comp plan adoption) and is cited in the Goals & Policies for the Hawks Prairie Planning Area. While it may have less relevance that current planning documents, it provides valuable information to support how development in this area was envisioned.

The existing land use map on page 18 shows that Applicant's site was a mixture of forested, vacant and industrial land in 1991, while page 19 appears to show the zoning as potentially a mix of LI (Light Industrial), RR 4/1 (Rural Residential 4 du/1 acre), LD (Rural Residential) and LIPD (Light Industrial Planned District).

The proposed land use for this area on Figure 11 indicates this area was originally included within a Business Park land use designation, which according to page 54 of the Plan included allowed uses such as: corporate headquarters; professional, scientific, research and development; electronic assembly; computer research and development; light industrial activities; and light warehousing.

Industrial Goals & Policies

GOAL To encourage industrial development and a diversified economic base by the location of industrial uses in areas where they can be adequately and efficiently served by circulation and utilities, and where they will create no significant adverse impact.

Applicant's proposal creates development flexibility that will allow a mix of new and existing industrial uses within close proximity of I-5 (reducing the length of trips by traffic), is forecast to have less total traffic trips impact than current code, and includes language to appropriately design circulation and access.

Policy 1 Industrial areas should be capable of supporting industrial development with no significant adverse environmental impact.

Applicant's proposal would allow a larger industrial facility under certain conditions, including that the developer enter into a development agreement with the City to address landscaping, buffers and screening.

Policy 2 Traffic access should be designed to contain heavy traffic within the industrial and commercial and away from residential areas.

This proposal would not result in heavy truck traffic in residential areas. Specific access points and truck routes would be addressed as part of the master site plan and development agreement, but the location of this site is better suited to limit the overall length of trips by trucks within the City, reducing overall traffic impacts.

Policy 3 Industrial areas should be located where they can be adequately and most efficiently served by necessary utilities.

The areas affected by this proposal are zoned LI-C and are presently served by necessary utilities.

Policy 4 Industrial should be required to meet all environmental standards and should not be allowed to locate without insuring that they will not emit pollutants to the ground water and will not discharge to any sewerage system unless they can meet the standards under City, state and federal regulations.

This proposal would not reduce any environmental standards. Further, it is likely to provide better protection of land within the City's wellhead protection area zones for Well S-29.

Policy 5 Industrial areas should be required to provide necessary aesthetic amenities to minimize visual impacts.

This proposal includes a requirement for a development agreement and conditions that must be met to minimize aesthetic and visual impacts to certain adjacent uses.

Policy 6 Industrial areas should be required to provide open space for active and passive use by employees in such areas.

This industrial area is locating in a strategy corridor and development of this site is likely to create sidewalks or walking paths that connect multiple types of uses within the immediate area.

NEIGHBORING JURISDICTIONS' COMPREHENSIVE PLANS

This is not applicable to the Applicant's proposal.

February 20, 2020

David Toyer
President
Toyer Strategic Consulting
3705 Colby Ave, Suite 1
Everett, WA 98201

RE: Environmental Noise Letter – City of Lacey LI-C Oversized Warehouse

Dear David,

The following letter provides a brief overview of noise associated with larger warehouse buildings than is currently allowed within the City of Lacey light industrial / commercial zoned properties. This letter is regarding the Hill Betti Project, but the primary intent is to discuss noise from warehouses in light industrial / commercial zoned properties that are larger than allowed as they relate to the noise limits outlined in the City of Lacey Municipal Code. This letter documents the noise sources associated with large warehouses, the applicable noise code for light industrial / commercial zoned properties in the City of Lacey, and how these noise sources relate to the noise code criteria.

CODE REQUIREMENTS

The City of Lacey municipal code chapter 16.57.030 "Noise" provides limits for noise from one property to surrounding properties based on the zoning / use of the source and receiving properties. The following presents the contents of the chapter:

A. The maximum allowable noise levels as measured at the property line of noise impacted uses or activities shall be those set forth in Chapter 173-60 WAC, titled "Maximum Environmental Noise Levels," which chapter is hereby incorporated by reference.

B. The "Environmental Designation for Noise Abatement" (EDNA) for the several land use classification of this title shall be as follows:

   All living areas: A

   All commercial areas: B

   All public/institutional areas: A

   Light industrial, industrial, mineral extraction: C

C. No person shall cause or permit noise to intrude into the property of another person which noise exceeds the maximum permissible noise levels set forth in table 16T-14.

   1. The noise limitations established are as set forth in the following table after any applicable adjustments provided for herein are applied.

Table 16-14. Maximum Permissible Environmental Noise Levels

EDNA OF NOISE SOURCE	EDNA OF RECEIVING PROPERTY		
	CLASS A	CLASS B	CLASS C
CLASS A	55 dBA	57 dBA	60 dBA
CLASS B	57	60	65
CLASS C	60	65	70

2. Between the housr of 10:00 p.m. and 7:00 a.m.the noise limitations of the foreqoing table shall be reduced by 10 dBA for receiving property within Class A EDNAs.
3. At any hour of the day or night the applicable noise limitation in (1) and (2) above may be exceeded for any receiving property by no more than:
    a. 5 dBA for a total of 15 minutes in any one-hour period; or
    b. 10 dBA for a total of 5 minutes in any one-hour period; or
    c. 15 dBA for a total of 1.5 minutes in any one-hour period.

Exemptions are outlined in WAC 173-60-050 with the applicable exemptions for large warehouses listed as follows:

(4) (a) Sounds created by motor vehicles when regulated by chapter 173-62 WAC.

(d) Sounds created by warning devices not operating continuously for more than five minutes, or bells, chimes, and carillons.

(e) sounds created by safety and protective devices where noise suppression would defeat the intent of the device or is not economically feasible.

(k) Sounds caused by natural phenomena and unamplified human voices.

(l) sounds created by motor vehicles, licensed or unlicensed, when operated off public highways EXCEPT when such sounds are received in Class A EDNAs.

The intent of the noise code is to limit noise from certain properties to adjacent properties based on the zoning and use of each of the properties. This method for noise code limits provides an effective way to ensure noise environments match the use of the area while still allowing for industry to thrive. The zoning and use of the source and receiving property are the only factors that affect the noise limits of one property to an adjacent property within the City of Lacey.

Under the City of Lacey Municipal Code, a Light Industrial / Commercial (LI-C) zoned property is within a Class B EDNA whereas a Light Industrial (LI) zoned property is within a Class C EDNA. The noise limits to the surrounding properties are lower from a Class B EDNA than a Class C EDNA. The following examples provide the daytime and night-time hourly noise level limits from a LI-C zoned property or a LI zoned property to a more sensitive residential property.

- For a LI-C zoned property adjacent to residential properties (such as the Hill Betti property with residential zoned properties to the west), noise levels at the residential properties need to meet the Class B to Class A 57 dBA hourly code limit during daytime hours and 47 dBA during nighttime hours.
- For a LI zoned property adjacent to residential properties (such as along Orion Dr NE with residential zoned properties to the north), noise levels at the residential properties need to meet the Class C to Class A 60 dBA hourly code limit during daytime hours and 50 dBA during nighttime hours.

NOISE SOURCES

The noise sources associated with large warehouses typically consist of mechanical noise and operations noise.

Mechanical Noise Source

The mechanical noise sources consist of the HVAC systems and other building systems associated with the use of the building which are reviewed under the mechanical permit when the mechanical units and locations are selected. Therefore, the noise levels from the mechanical system must meet the noise code limits at all of the adjacent receiving properties.

The mechanical system for a project varies by the specific use of a project. For example, a commercial kitchen typically has an exhaust fan / hood drawing air from the cooking area. In the case of a warehouse, the mechanical system typically provides the necessary airflow, heating, and cooling for the size of the warehouse. However, there is a small portion of warehouses, such as refrigerated warehouses, that require a more significant mechanical system.

The warehouse size dictates the necessary ventilation, heating, and cooling capacity of the mechanical system which means the size or number of the mechanical units can change. The larger size mechanical units are generally louder; however, different makes and models have different radiated sound power levels even with the same capacities. For multiple mechanical units of the same make and model, doubling the number of units will increase the noise level by only 3 dB.

Typically, the mechanical units for a warehouse are located on the rooftop which can be located further from the property line or screened with noise barriers if they need to meet the relevant code limits.

In all of these cases the mechanical permitting process must show that the proposed mechanical system will meet the code limits at each of the nearest receiving properties. As noted in the code requirements section of this report, the noise limits for a LI-C zoned source property is lower than that of an LI zoned source property.

Operations Noise Source

The operations noise sources consist of the work being completed, the loading/unloading of trucks, and the truck operations. The operational noise sources are typically reviewed during the SEPA process.

- The work being completed associated with a warehouse is normally completed within the warehouse. Noise levels at a typical warehouse are sufficiently reduced by the warehouse walls.
- The loading/unloading of trucks is completed within the warehouse near the loading dock and within the enclosed truck trailers backed into the loading dock. These noise levels are significantly reduced by the warehouse garage doors (as they are normally closed when there is not a truck backed into the loading dock) and the enclosed truck trailer walls. The noise associated with the loading/unloading of trucks is normally quieter than the trucks operations.
- Truck operations consists of the maneuvering of trucks on the property, truck engines starting, trucks idling, and air brakes. The truck operations is normally the most significant source of operations noise from a typical warehouse to an adjacent property.
    - The maneuvering of trucks on the property occurs between the truck entrance and the loading dock. The most significant area of maneuvering is in front of the loading dock where the trucks back into the loading bay. This area is typically not screened from the surrounding properties.
    - Truck engine starts occur while a truck is backed into a loading dock. A portion of a typical warehouse extends past the loading bays which screens the trucks for some properties along that side. Truck engine starts occur prior to the truck leaving the loading bay and occurs for a short duration.
    - Truck idling occurs while a truck is backed into a loading dock. A portion of a typical warehouse extends past the loading bays which screens the trucks for some properties along that side. This typically occurs after a truck backs into a loading bay and after startup. Signage and lease agreements dictating truck idling duration limits can help to prevent continuous truck idling.
        - Reefer trucks have a mechanical system on the trailer that runs nearly continuously to keep the trailer cool. These types of trucks typically operate at cold storage facilities and generally not at a typical warehouse.
    - Air brake noise occurs from the air compressor building pressure into the system at startup and from air being released after the engine is turned off. A portion of a typical warehouse extends past the loading bays which screens the trucks for some properties along that side.
- Backup beepers are a warning device and are therefore exempt under WAC. However, it is helpful to include the backup beepers within a noise study because they often cause complaints.

During the SEPA process, the noise levels to the adjacent properties from the operations of a warehouse is typically evaluated as they relate to the code requirements. As the warehouse is naturally operating at the time of the SEPA process, the noise must be predicted based off of a proposed site plan and the traffic studies. The site plan is typically in an early phase during the SEPA process that shows loading docks, truck entrances, and maneuvering areas for the trucks. A traffic study is typically completed with peak number of trucks entering or leaving the site per hour so that noise levels can be predicted utilizing the peak number. Noise barriers or design modifications are at times introduced to the design during the SEPA process to ensure the noise code limits will be met.

The truck operations, which are typically the loudest operations at a warehouse site, must meet the code limits at the surrounding properties. However, WAC 173-60-050 (4) (l) exempts noise from motor vehicles to adjacent receiving properties except for when the receiving property is a Class A EDNA. This exemption limits noise from truck traffic to only the Class A EDNA receiving properties.

A larger warehouse will naturally have more trucks coming to the warehouse than a smaller warehouse. However, on the same sized property, it's likely that there would be multiple smaller warehouses with a similar amount of trucks entering the site. It should also be noted that it takes a doubling of the number of trucks operating to increase the noise levels by 3 dB.

If the noise from the loading dock area is excessive at the nearest receiving properties, one advantage of having multiple warehouses is being able to locate one of the warehouses so that it screens the truck operations from the Class A EDNA receiving properties. However, any necessary screening for the truck operations on a larger single warehouse can be achieved with noise barriers.

The operations noise from the from any size warehouse or type of use will need to be shown to meet the noise code limits at the adjacent receiving properties. As noted in the code requirements section of this report, the noise limits for a LI-C zoned source property is lower than that of an LI zoned source property.

CONCLUSION

Within the City of Lacey, a Light Industrial / Commercial zoned property, such as the Hill Betti site, are within a Class B EDNA. Projects in a Light Industrial zoned property are within a Class C EDNA. Since an LI-C zoned property is within a Class B EDNA, the noise level limits at the surrounding properties are lower than for a project located in a LI property which is within a Class C EDNA. These noise limits are based on the zoning and use of the source and receiving property regardless of the size of the project.

The noise sources for a typical warehouse consist of mechanical noise and operations noise. The mechanical noise should be reviewed during the mechanical permitting process when the mechanical units are selected. The operations noise should be reviewed during the SEPA process to ensure that the project is feasible at the location and so that any necessary mitigation for the use can be established early on.

For one large typical warehouse vs several smaller typical warehouses with equivalent loading bays and traffic counts, the sources of noise will be similar, but the locations of the noise sources will vary.

One advantage for the use of smaller warehouses is that the warehouses themselves can be positioned to act as noise barriers for truck operation areas if noise levels need to be mitigated. This disadvantage for one large warehouse is overcome with noise barriers if predicted noise levels need to be mitigated.

Please let us know if you have questions or need further information.

Sincerely,
SSA Acoustics, LLP

Steven Hedback
Acoustical Consultant

Alan Burt, P.E.
Partner
Acoustical Consultant

MEMORANDUM

To: David Toyer Toyer Strategic Consulting
From: Edward Koltonowski
Subject: Hill Betti Trust Site Rezone
Date: December 13, 2019
Project: GTC #19-300

Gibson Traffic Consultants, Inc. (GTC) has been retained to provide a trip generation analysis for the proposed Hill Betti Trust Site development. The site is located near 7711 Betti Lane NE in the city of Lacey. Under the current code, the site is allowed to construct up to 963,000 Square Feet (SF) of light industrial use. The former Master Plan allowed for 216,000 SF of industrial park and 566,300 SF of office park. Under the desired changes, the site would be allowed to construct 500,000 SF of high-cube warehouse (short-term transload), 250,000 SF of light industrial on-site while maintaining the existing 141,500 SF (Buildings 1-11 and 16-18) of uses. This memo identifies the expected average daily, AM peak-hour and PM peak-hour trip generation of the proposed zoning options.

1. TRIP GENERATION

For Light Industrial uses, per data contained in ITE's *Trip Generation Handbook, 9th Edition,* Table A.4 through A.6, truck trips account for 0.60 average daily truck trips per 1,000 SF, 0.05 AM peak-hour trips per 1,000 SF and 0.01 PM peak-hour trips per 1,000 SF. For Industrial Park uses, per data contained in the ITE's Trip *Generation Handbook, 10th Edition,* Table I.1, an average of 13% of the total weekday trips are truck trips; therefore, 13% was applied to the average daily trip, AM peak-hour trip and PM peak-hour trip generations. For High-Cube Warehouse (Transload and Short-Term) uses, a study by ITE, showed that approximately 68% of the daily trips, 69% of the AM peak-hour trips and 78% of the PM peak-hour trips were automobile trips; therefore, approximately 32% of the daily, 31% of the AM peak-hour and 22% of the PM peak-hour trips were assumed to be truck trips. For Specialty Trade Contractor uses, the truck generation was expected to be in line with Light Industrial uses. For Office Park uses, an assumed 1% of the daily, AM and PM peak-hour trips were truck trips.

Under the Desired Change conditions, the existing buildings were assumed to be split 50/50 between light industrial use and specialty trade contractor use.

The trip generation calculations for the development are based on data in the Institute of Transportation Engineers (ITE) *Trip Generation Manual – 10th Edition (2017)*. The following land use codes (LUC) were used:

- ITE LUC 110, Light Industrial
- ITE LUC 130, Industrial Park
- ITE LUC 154, High-Cube Warehouse (Transload and Short-Term)
- ITE LUC 180, Specialty Trade Contractor
- ITE LUC 750, Office Park

A summary of the average daily trips, AM peak-hour trips and PM peak-hour trips for the three scenarios is provided below in Table 1, Table 2 and Table 3 respectively. Detailed trip generation information for each scenario will be included in the attachments.

Table 1: Trip Generation Summary – Average Daily Trips

Scenario	Uses	Average Daily Trips			
		Total Trips	Auto Trips	Truck Trips	% Trucks
Current Code	963,000 SF of Light Industrial	4,775	4,204	571	12%
Former Master Plan	216,000 SF of Industrial Park 566,300 SF of Office Park	7,000	6,842	158	2%
Desired Change	Proposed Uses 500,000 SF of HC Warehouse 250,000 SF of Light Industrial Existing Uses 70,750 SF of Light Industrial 70,750 SF of Specialty Trade Contractor	3,014	2,557	457	15%

Table 1: Trip Generation Summary – AM Peak-Hour Trips

Scenario	Uses	AM Peak-Hour			
		Total Trips	Auto Trips	Truck Trips	% Trucks
Current Code	963,000 SF of Light Industrial	672	624	48	7%
Former Master Plan	216,000 SF of Industrial Park 566,300 SF of Office Park	901	887	14	2%
Desired Change	Proposed Uses 500,000 SF of HC Warehouse 250,000 SF of Light Industrial Existing Uses 70,750 SF of Light Industrial 70,750 SF of Specialty Trade Contractor	383	352	31	8%

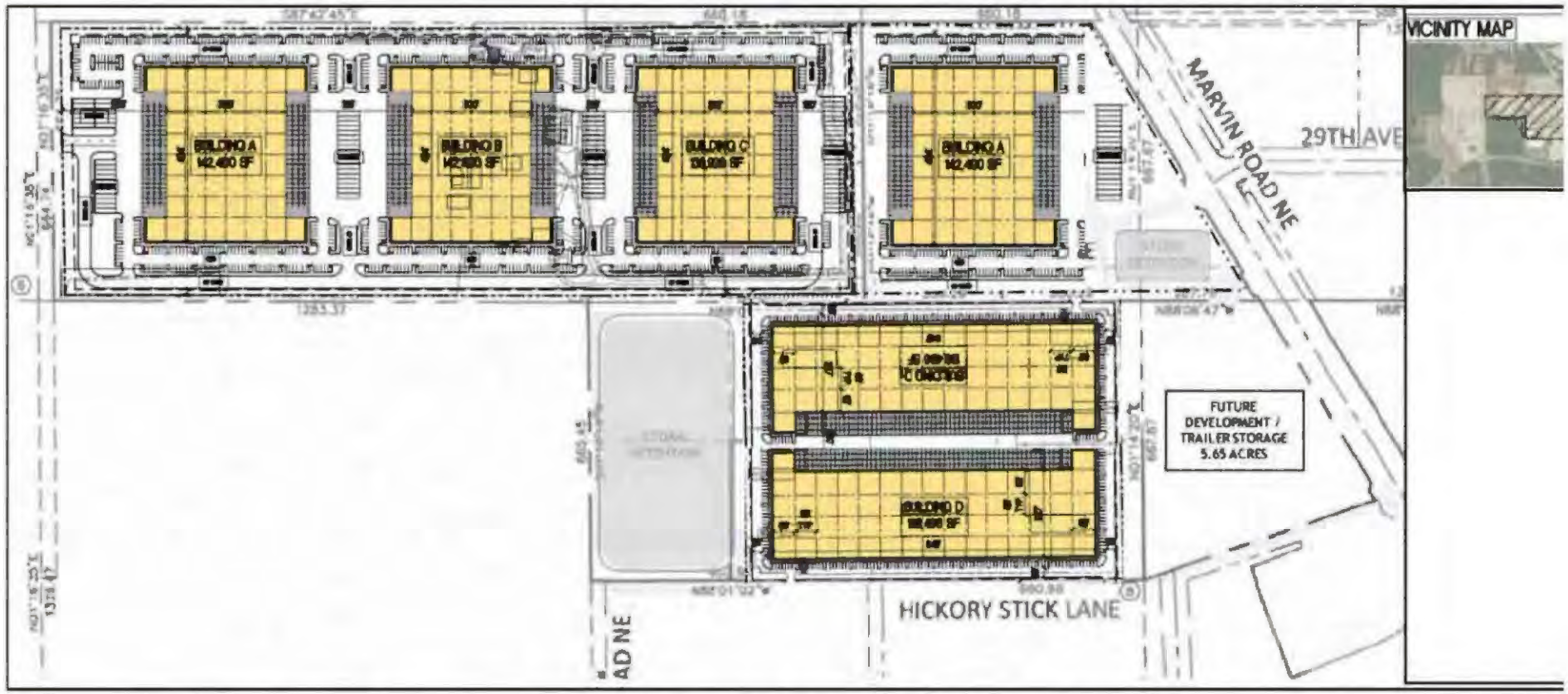
Table 1: Trip Generation Summary – PM Peak-Hour

Scenario	Uses	Average Daily Trips			
		Total Trips	Auto Trips	Truck Trips	% Trucks
Current Code	963,000 SF of Light Industrial	605	593	12	2%
Former Master Plan	216,000 SF of Industrial Park 566,300 SF of Office Park	697	685	12	2%
Desired Change	Proposed Uses 500,000 SF of HC Warehouse 250,000 SF of Light Industrial Existing Uses 70,750 SF of Light Industrial 70,750 SF of Specialty Trade Contractor	392	369	23	6%

With the Desired Change scenario, there will be fewer automobile and truck trips during an average weekday, the AM and the PM peak-hours when compared to the Current Code with the exception of 11 more truck trips during the PM peak-hour. The Desired Change scenario also generates fewer total trips than the Former Master Plan during an average weekday, the AM and the PM peak-hours.

Attachments

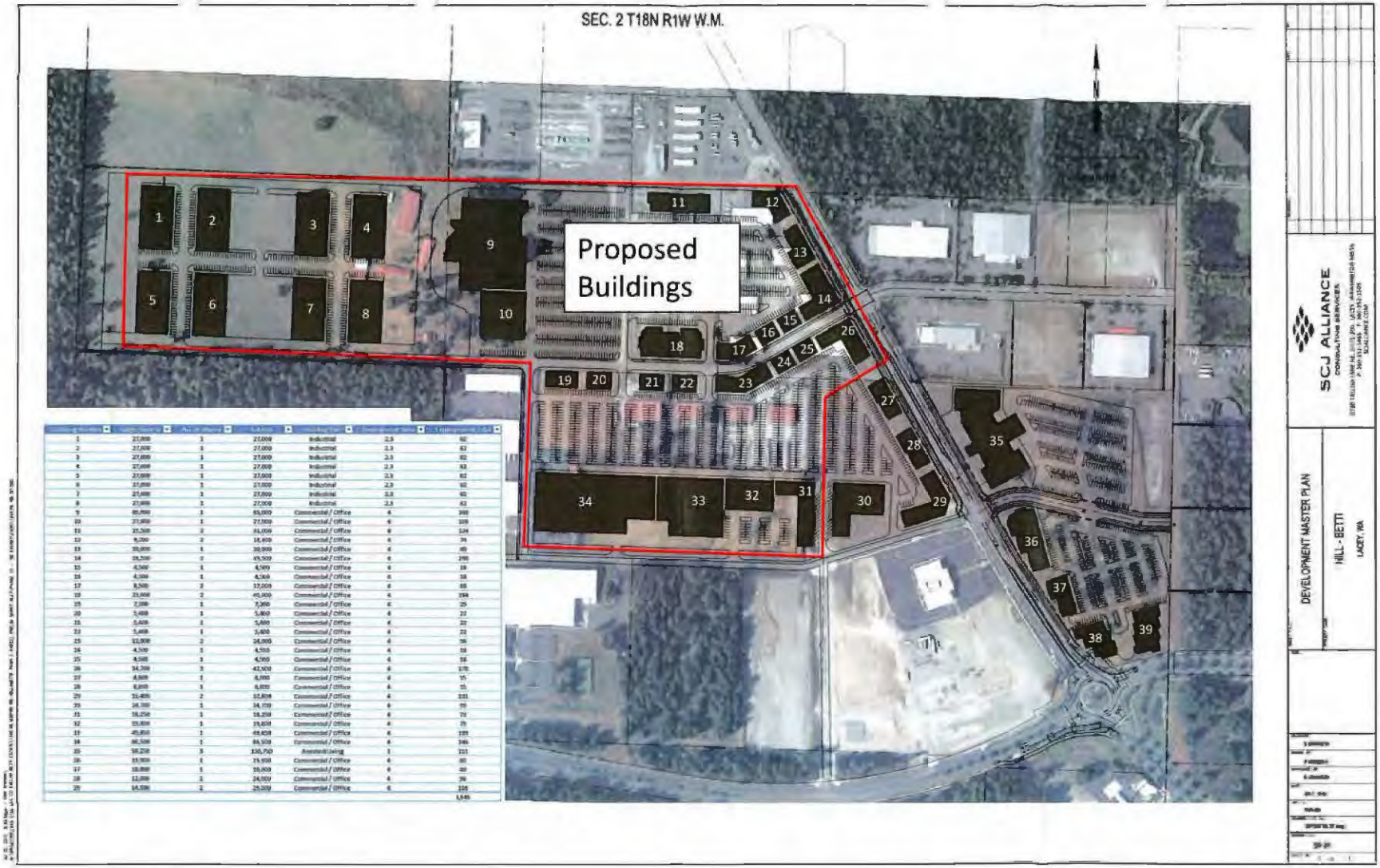
Current Code Site Plan



HILL BETTI - PRELIMINARY SITE PLAN (OPTION 1)

LACEY, WASHINGTON

Former Master Plan Site Plan



Desired Change Site Plan

Existing Buildings

HBBP, LLC Lacey, WA Rent Roll

Suite Id	Building	Tenant Name	Description	sf - GLA
Vacant Suites				
621050 -17S	17	Vacant		1,500
Occupied Suites				
621050 -01	**1**	**Fleur de lis Garden Ornaments**	**Garden ornament retail sales**	**7,000**
621050 02	2	Alarm Center, Inc.	Security monitoring	7,000
621050 03	3	North Sky Communications, LLC	telecom contractor	9,000
621050 04	4	Summit Fence Company, LLC	fence contractor	6,000
621050 -05	5	PKMM Incorporated	governement / technology services contractor	6,000
621050 -06	6	Capitol Lumber, Inc.	building materials supplier	6,000
621050 -07	7	The Retreasury, LLC	vintage / second-hand retail	7,500
621050 -08	8	Lows Truss, Inc.	building materials supplier	9,000
621050 -09	9	Baroo Pet Spa, Inc	personal pet services and boarding	7,500
621050 -10	10	Tanglewild Marine Service & Rep	marine equip. maint. and repair services	6,000
621050 -11	11	Northwest Thermal Hydronics	HVAC contractor	6,000
621050 -12	12	Capitol Lumber, Inc.	building materials supplier	6,000
621050 -13	13	Capitol Lumber, Inc. II	building materials supplier	6,000
621050 -14	14	Olympia Sheet Metal, Inc.	building and roof contractor	8,750
621050 -15	15	Penske Truck Leasing Co	commercial and moving truck rental	6,000
621050 16A	16	Tops Solid Surface	counter-top manufacturer	13,500
621050 -16D	16	Varsity Electric	electrical contractor	1,500
621050 -16E	16	Thurston County Youth Football	charity / community non-profit	3,000
621050 -16F	16	DKS, LLC	metal machine shop	3,000
621050 -16G	16	Gary's Bulldozing LLC	excavator / earth-work sub contractor	1,500
621050 -16H	16	Tops Solid Surface Co., a Washin	counter-top manufacturer	4,500
621050 -17K	17	Food Service Equipment, Inc	Food service equip distribution	6,000
621050 -17L	17	Espresso Rescue, LLC	esspresso equip. repair	1,500
621050 -17M	17	Hefty Harvest LLC	nursery and plant supplies	9,000
621050 -17N	17	Lawman Industries, LLC	staircase manufacturer	4,500
621050 -17P	17	Metro Overhead Door, Inc.	door maintanence and installation	3,000
621050 -17Q	17	Lawman Industries, LLC	staircase manufacturer	1,500
621050 18U	18	Unigen, Inc	storage	3,000
621050 18V	18	Evergreen Furniture Installations	Moving and moving services	1,500
621050 -18W	18	Hefty Harvest LLC	nursery and plant supplies	3,000
621050 -18X	18	Bay Marine Contractors, Inc	general contracting and marine shoring services	1,500
621050 -18Y	18	Quality Restoration	emergency restoration services (flood/ fire)	3,000

Current Code

Hill Betti Trust Site
GTC #19-300

Trip Generation for: Weekday
(a.k.a.): Average Weekday Daily Trips (AWDT)

			Gross New Trips					
LAND USES	**VARIABLE**	**ITE LU code**	**Trip Rate**	**% AUTOS**	**% TRUCKS**	**Auto + Truck (Total)**	**AUOTS**	**TRUCKS**
Light Industrial (A)	142.000 KSF	110	4.96	88%	12%	704	620	84
Light Industrial (B)	142.000 KSF	110	4.96	88%	12%	704	620	84
Light Industrial (C)	139.000 KSF	110	4.96	88%	12%	689	606	83
Light Industrial (D)	142.000 KSF	110	4.96	88%	12%	704	620	84
Light Industrial (E)	199.000 KSF	110	4.96	88%	12%	987	869	118
Light Industrial (F)	199.000 KSF	110	4.96	88%	12%	987	869	118
Totals						4775	4204	571

Note: Bulidings are from top to bottom, left to right. Note All the same as the site plan.

Current Code

Hill Betti Trust Site
GTC #19-300

Trip Generation for: Weekday, Peak Hour of Adjacent Street Traffic, One Hour between 7 and 9 AM
(a.k.a.): Weekday AM Peak Hour

			Gross New Trips					
LAND USES	**VARIABLE**	**ITE LU code**	**Trip Rate**	**% AUTOS**	**% TRUCKS**	**Auto + Truck (Total)**	**AUOTS**	**TRUCKS**
Light Industrial (A)	142.000 KSF	110	0.70	93%	7%	99	92	7
Light Industrial (B)	142.000 KSF	110	0.70	93%	7%	99	92	7
Light Industrial (C)	139.000 KSF	110	0.70	93%	7%	97	90	7
Light Industrial (D)	142.000 KSF	110	0.70	93%	7%	99	92	7
Light Industrial (E)	199.000 KSF	110	0.70	93%	7%	139	129	10
Light Industrial (F)	199.000 KSF	110	0.70	93%	7%	139	129	10
Totals						672	624	48

Note: Bulidings are from top to bottom, left to right. Note All the same as the site plan.

Current Code

Hill Betti Trust Site
GTC #19-300

Trip Generation for: Weekday, Peak Hour of Adjacent Street Traffic, One Hour between 4 and 6 PM
(a.k.a.): Weekday PM Peak Hour

			Gross New Trips					
LAND USES	**VARIABLE**	**ITE LU code**	**Trip Rate**	**% AUTOS**	**% TRUCKS**	**Auto + Truck (Total)**	**AUOTS**	**TRUCKS**
Light Industrial (A)	142.000 KSF	110	0.63	98%	2%	89	87	2
Light Industrial (B)	142.000 KSF	110	0.63	98%	2%	89	87	2
Light Industrial (C)	139.000 KSF	110	0.63	98%	2%	88	86	2
Light Industrial (D)	142.000 KSF	110	0.63	98%	2%	89	87	2
Light Industrial (E)	199.000 KSF	110	0.63	98%	2%	125	123	2
Light Industrial (F)	199.000 KSF	110	0.63	98%	2%	125	123	2
Totals						605	593	12

Note: Bulidings are from top to bottom, left to right. Note All the same as the site plan.

Former Master Plan

Hill Betti Trust Site
GTC #19-300

Trip Generation for: Weekday
(a.k.a.): Average Weekday Daily Trips (AWDT)

			Gross New Trips					
LAND USES	**VARIABLE**	**ITE LU code**	**Trip Rate**	**% AUTOS**	**% TRUCKS**	**Auto + Truck (Total)**	**AUOTS**	**TRUCKS**
Industrial Park (Bldg 1)	27.000 KSF	130	3.37	87%	13%	91	79	12
Industrial Park (Bldg 2)	27.000 KSF	130	3.37	87%	13%	91	79	12
Industrial Park (Bldg 3)	27.000 KSF	130	3.37	87%	13%	91	79	12
Industrial Park (Bldg 4)	27.000 KSF	130	3.37	87%	13%	91	79	12
Industrial Park (Bldg 5)	27.000 KSF	130	3.37	87%	13%	91	79	12
Industrial Park (Bldg 6)	27.000 KSF	130	3.37	87%	13%	91	79	12
Industrial Park (Bldg 7)	27.000 KSF	130	3.37	87%	13%	91	79	12
Industrial Park (Bldg 8)	27.000 KSF	130	3.37	87%	13%	91	79	12
Office Park (Bldg 9)	85.000 KSF	750	11.07	99%	1%	941	932	9
Office Park (Bldg 10)	27.000 KSF	750	11.07	99%	1%	299	296	3
Office Park (Bldg 11)	31.000 KSF	750	11.07	99%	1%	343	340	3
Office Park (Bldg 12)	18.400 KSF	750	11.07	99%	1%	204	202	2
Office Park (Bldg 13)	10.000 KSF	750	11.07	99%	1%	111	110	1
Office Park (Bldg 14)	49.500 KSF	750	11.07	99%	1%	548	543	5
Office Park (Bldg 15)	4.500 KSF	750	11.07	99%	1%	50	50	0
Office Park (Bldg 16)	4.500 KSF	750	11.07	99%	1%	50	50	0
Office Park (Bldg 17)	17.000 KSF	750	11.07	99%	1%	188	186	2
Office Park (Bldg 18)	46.000 KSF	750	11.07	99%	1%	509	504	5
Office Park (Bldg 19)	7.200 KSF	750	11.07	99%	1%	80	79	1
Office Park (Bldg 20)	5.400 KSF	750	11.07	99%	1%	60	59	1
Office Park (Bldg 21)	5.400 KSF	750	11.07	99%	1%	60	59	1
Office Park (Bldg 22)	5.400 KSF	750	11.07	99%	1%	60	59	1
Office Park (Bldg 23)	24.000 KSF	750	11.07	99%	1%	266	263	3
Office Park (Bldg 24)	4.500 KSF	750	11.07	99%	1%	50	50	0
Office Park (Bldg 25)	4.500 KSF	750	11.07	99%	1%	50	50	0
Office Park (Bldg 26)	42.600 KSF	750	11.07	99%	1%	472	467	5
Office Park (Bldg 31)	18.250 KSF	750	11.07	99%	1%	202	200	2
Office Park (Bldg 32)	19.800 KSF	750	11.07	99%	1%	219	217	2
Office Park (Bldg 33)	49.850 KSF	750	11.07	99%	1%	552	546	6
Office Park (Bldg 34)	86.500 KSF	750	11.07	99%	1%	958	948	10
Totals						7000	6842	158

Former Master Plan

Hill Betti Trust Site
GTC #19-300

Trip Generation for: Weekday, Peak Hour of Adjacent Street Traffic, One Hour between 7 and 9 AM
(a.k.a.): Weekday AM Peak Hour

			Gross New Trips					
LAND USES	**VARIABLE**	**ITE LU code**	**Trip Rate**	**% AUTOS**	**% TRUCKS**	**Auto + Truck (Total)**	**AUOTS**	**TRUCKS**
Industrial Park (Bldg 1)	27.000 KSF	130	0.40	87%	13%	11	10	1
Industrial Park (Bldg 2)	27.000 KSF	130	0.40	87%	13%	11	10	1
Industrial Park (Bldg 3)	27.000 KSF	130	0.40	87%	13%	11	10	1
Industrial Park (Bldg 4)	27.000 KSF	130	0.40	87%	13%	11	10	1
Industrial Park (Bldg 5)	27.000 KSF	130	0.40	87%	13%	11	10	1
Industrial Park (Bldg 6)	27.000 KSF	130	0.40	87%	13%	11	10	1
Industrial Park (Bldg 7)	27.000 KSF	130	0.40	87%	13%	11	10	1
Industrial Park (Bldg 8)	27.000 KSF	130	0.40	87%	13%	11	10	1
Office Park (Bldg 9)	85.000 KSF	750	1.44	99%	1%	122	121	1
Office Park (Bldg 10)	27.000 KSF	750	1.44	99%	1%	39	39	0
Office Park (Bldg 11)	31.000 KSF	750	1.44	99%	1%	45	45	0
Office Park (Bldg 12)	18.400 KSF	750	1.44	99%	1%	26	26	0
Office Park (Bldg 13)	10.000 KSF	750	1.44	99%	1%	14	14	0
Office Park (Bldg 14)	49.500 KSF	750	1.44	99%	1%	71	70	1
Office Park (Bldg 15)	4.500 KSF	750	1.44	99%	1%	6	6	0
Office Park (Bldg 16)	4.500 KSF	750	1.44	99%	1%	6	6	0
Office Park (Bldg 17)	17.000 KSF	750	1.44	99%	1%	24	24	0
Office Park (Bldg 18)	46.000 KSF	750	1.44	99%	1%	66	65	1
Office Park (Bldg 19)	7.200 KSF	750	1.44	99%	1%	10	10	0
Office Park (Bldg 20)	5.400 KSF	750	1.44	99%	1%	8	8	0
Office Park (Bldg 21)	5.400 KSF	750	1.44	99%	1%	8	8	0
Office Park (Bldg 22)	5.400 KSF	750	1.44	99%	1%	8	8	0
Office Park (Bldg 23)	24.000 KSF	750	1.44	99%	1%	35	35	0
Office Park (Bldg 24)	4.500 KSF	750	1.44	99%	1%	6	6	0
Office Park (Bldg 25)	4.500 KSF	750	1.44	99%	1%	6	6	0
Office Park (Bldg 26)	42.600 KSF	750	1.44	99%	1%	61	60	1
Office Park (Bldg 31)	18.250 KSF	750	1.44	99%	1%	26	26	0
Office Park (Bldg 32)	19.800 KSF	750	1.44	99%	1%	29	29	0
Office Park (Bldg 33)	49.850 KSF	750	1.44	99%	1%	72	71	1
Office Park (Bldg 34)	86.500 KSF	750	1.44	99%	1%	125	124	1
Totals						901	887	14

Former Master Plan

Hill Betti Trust Site
GTC #19-300

Trip Generation for: Weekday, Peak Hour of Adjacent Street Traffic, One Hour between 4 and 6 PM
(a.k.a.): Weekday PM Peak Hour

			Gross New Trips					
LAND USES	VARIABLE	ITE LU code	Trip Rate	% AUTOS	% TRUCKS	Auto + Truck (Total)	AUOTS	TRUCKS
Industrial Park (Bldg 1)	27.000 KSF	130	0.40	87%	13%	11	10	1
Industrial Park (Bldg 2)	27.000 KSF	130	0.40	87%	13%	11	10	1
Industrial Park (Bldg 3)	27.000 KSF	130	0.40	87%	13%	11	10	1
Industrial Park (Bldg 4)	27.000 KSF	130	0.40	87%	13%	11	10	1
Industrial Park (Bldg 5)	27.000 KSF	130	0.40	87%	13%	11	10	1
Industrial Park (Bldg 6)	27.000 KSF	130	0.40	87%	13%	11	10	1
Industrial Park (Bldg 7)	27.000 KSF	130	0.40	87%	13%	11	10	1
Industrial Park (Bldg 8)	27.000 KSF	130	0.40	87%	13%	11	10	1
Office Park (Bldg 9)	85.000 KSF	750	1.07	99%	1%	91	90	1
Office Park (Bldg 10)	27.000 KSF	750	1.07	99%	1%	29	29	0
Office Park (Bldg 11)	31.000 KSF	750	1.07	99%	1%	33	33	0
Office Park (Bldg 12)	18.400 KSF	750	1.07	99%	1%	20	20	0
Office Park (Bldg 13)	10.000 KSF	750	1.07	99%	1%	11	11	0
Office Park (Bldg 14)	49.500 KSF	750	1.07	99%	1%	53	52	1
Office Park (Bldg 15)	4.500 KSF	750	1.07	99%	1%	5	5	0
Office Park (Bldg 16)	4.500 KSF	750	1.07	99%	1%	5	5	0
Office Park (Bldg 17)	17.000 KSF	750	1.07	99%	1%	18	18	0
Office Park (Bldg 18)	46.000 KSF	750	1.07	99%	1%	49	49	0
Office Park (Bldg 19)	7.200 KSF	750	1.07	99%	1%	8	8	0
Office Park (Bldg 20)	5.400 KSF	750	1.07	99%	1%	6	6	0
Office Park (Bldg 21)	5.400 KSF	750	1.07	99%	1%	6	6	0
Office Park (Bldg 22)	5.400 KSF	750	1.07	99%	1%	6	6	0
Office Park (Bldg 23)	24.000 KSF	750	1.07	99%	1%	26	26	0
Office Park (Bldg 24)	4.500 KSF	750	1.07	99%	1%	5	5	0
Office Park (Bldg 25)	4.500 KSF	750	1.07	99%	1%	5	5	0
Office Park (Bldg 26)	42.600 KSF	750	1.07	99%	1%	46	46	0
Office Park (Bldg 31)	18.250 KSF	750	1.07	99%	1%	20	20	0
Office Park (Bldg 32)	19.800 KSF	750	1.07	99%	1%	21	21	0
Office Park (Bldg 33)	49.850 KSF	750	1.07	99%	1%	53	52	1
Office Park (Bldg 34)	86.500 KSF	750	1.07	99%	1%	93	92	1
Totals						697	685	12

Desired Change

Hill Betti Trust Site
GTC #19-300

Trip Generation for: Weekday
(a.k.a.): Average Weekday Daily Trips (AWDT)

			Gross New Trips					
LAND USES	**VARIABLE**	**ITE LU code**	**Trip Rate**	**% AUTOS**	**% TRUCKS**	**Auto + Truck (Total)**	**AUOTS**	**TRUCKS**
HC Warehouse Short Term Transload (B-1)	500.000 KSF	154	1.40	68%	32%	700	476	224
Light Industrial (B-2)	125.000 KSF	110	4.96	88%	12%	620	546	74
Light Industrial (B-3)	125.000 KSF	110	4.96	88%	12%	620	546	74
Light Industrial (1/2 of Existing 14)	70.750 KSF	110	4.96	88%	12%	351	309	42
Specialty Trade Contractor (1/2 of Existing 14)	70.750 KSF	180	10.22	94%	6%	723	680	43
Totals						3014	2557	457

Desired Change

Hill Betti Trust Site
GTC #19-300

Trip Generation for: Weekday, Peak Hour of Adjacent Street Traffic, One Hour between 7 and 9 AM
(a.k.a.): Weekday AM Peak Hour

			Gross New Trips					
LAND USES	**VARIABLE**	**ITE LU code**	**Trip Rate**	**% AUTOS**	**% TRUCKS**	**Auto + Truck (Total)**	**AUOTS**	**TRUCKS**
HC Warehouse Short Term Transload (B-1)	500.000 KSF	154	0.08	69%	31%	40	28	12
Light Industrial (B-2)	125.000 KSF	110	0.70	93%	7%	88	82	6
Light Industrial (B-3)	125.000 KSF	110	0.70	93%	7%	88	82	6
Light Industrial (1/2 of Existing 14)	70.750 KSF	110	0.70	93%	7%	50	47	3
Specialty Trade Contractor (1/2 of Existing 14)	70.750 KSF	180	1.66	97%	3%	117	113	4
Totals						383	352	31

Desired Change

Hill Betti Trust Site
GTC #19-300

Trip Generation for: Weekday, Peak Hour of Adjacent Street Traffic, One Hour between 4 and 6 PM
(a.k.a.): Weekday PM Peak Hour

			Gross New Trips					
LAND USES	**VARIABLE**	**ITE LU code**	**Trip Rate**	**% AUTOS**	**% TRUCKS**	**Auto + Truck (Total)**	**AUOTS**	**TRUCKS**
HC Warehouse Short Term Transload (B-1)	500.000 KSF	154	0.10	78%	22%	50	39	11
Light Industrial (B-2)	125.000 KSF	110	0.63	98%	2%	79	77	2
Light Industrial (B-3)	125.000 KSF	110	0.63	98%	2%	79	77	2
Light Industrial (1/2 of Existing 14)	70.750 KSF	110	0.63	92%	8%	45	41	4
Specialty Trade Contractor (1/2 of Existing 14)	70.750 KSF	180	1.97	97%	3%	139	135	4
Totals						392	369	23

Trip Generation Summary

Hill Betti Trust Site
GTC #19-300

Scenario	Uses	TG Rate Method	ADT			
			Total Trips	Auto Trips	Truck Trips	% Trucks
Current Code	963,000 SF of Light Industrial	Rate	4,775	4,204	571	12%
Former Master Plan	216,000 SF of Industrial Park 566,300 SF of Office Park	Rate	7,000	6,842	158	2%
Desired Change	<u>Proposed Uses</u> 500,000 SF of HC Warehouse 250,000 SF of Light Industrial <u>Existing Uses</u> 70,750 SF of Light Industrial 70,750 SF of Specialty Trade Contractor	Rate	3,014	2,557	457	15%

Trip Generation Summary

Hill Betti Trust Site
GTC #19-300

Scenario	Uses	TG Rate Method	AM Peak-Hour			
			Total Trips	Auto Trips	Truck Trips	% Trucks
Current Code	963,000 SF of Light Industrial	Rate	672	624	48	7%
Former Master Plan	216,000 SF of Industrial Park 566,300 SF of Office Park	Rate	901	887	14	2%
Desired Change	<u>Proposed Uses</u> 500,000 SF of HC Warehouse 250,000 SF of Light Industrial <u>Existing Uses</u> 70,750 SF of Light Industrial 70,750 SF of Specialty Trade Contractor	Rate	383	352	31	8%

Trip Generation Summary

Hill Betti Trust Site
GTC #19-300

Scenario	Uses	TG Rate Method	PM Peak-Hour			
			Total Trips	Auto Trips	Truck Trips	% Trucks
Current Code	963,000 SF of Light Industrial	Rate	605	593	12	2%
Former Master Plan	216,000 SF of Industrial Park 566,300 SF of Office Park	Rate	697	685	12	2%
Desired Change	<u>Proposed Uses</u> 500,000 SF of HC Warehouse 250,000 SF of Light Industrial <u>Existing Uses</u> 70,750 SF of Light Industrial 70,750 SF of Specialty Trade Contractor	Rate	392	369	23	6%

Trip Generation Summary

Hill Betti Trust Site
GTC #19-300

ITE LU	Truck Trip Assumptions
110, Light Industrual	ITE TG Handbook, 9th Edition Table A.4 - A.6 (0.60/0.05/0.01 per 1,000 SF for ADT/AM/PM)
130, Industrial Park	ITE TG Handbook, 10th Edition Table I.1 average percentage. (13% of total trips for ADT/AM/PM)
154, HC Warehouse (Short Term Transload)	ITE Warehouse Study, Pg 12. Based on Car % of total traffic. (Trucks: 32%/31%/22% of total trips for ADT/AM/PM)
180, Specialty Trade Contractor	Assumed same as 110, Light Industrial
750, Office Park	Assumed 1% to account for deliveries.

Other Assumptions

The existing buildings under the "Desired Change" scenario were assumed to be split 50/50 between Specialty Trade Contractor and Light Industrial use.

LAND USE COMMITTEE
September 22, 2020

SUBJECT: **2020 Urban Forest Management Plan Update**

RECOMMENDATION: Receive briefing on the status of the Urban Forest Management Plan and implementation regulations update in LMC 14.32. No action needed.

STAFF CONTACT: Scott Spence, City Manager
Rick Walk, Community and Economic Development Director
Ryan Andrews, Planning Manager
Jessica Brandt, Associate Planner

ORIGINATED BY: Community and Economic Development Department

ATTACHMENTS:
1. State of the Trees Report
2. City of Lacey webpage for tree information
   www.ci.lacey.wa.us/trees

FISCAL NOTE: None

PRIOR REVIEW:
09/15/20 Planning Commission
07/09/20 Planning Commission
06/23/20 Land Use Committee
02/14/20 Planning Commission
02/04/20 Planning Commission

BACKGROUND:

The Urban Forest Management Plan is the overarching policy document that guides the City's urban forestry vision and efforts. The City developed this Plan in 2006 and updated it in 2013 with the assistance of the City of Lacey's contract forester Galen Wright, who has decades of experience and perspective into Lacey's urban forestry efforts.

In keeping with the Plan's goal of updating the document every five years, it now due again for review, along with the implementation regulations in LMC 14.32. In addition, Homeowner Associations and citizens have raised questions and concerns over tree

removal and permitting process to the Council further supporting the need to conduct and assessment of forestry plan and regulations.

The review process will examine challenges, issues, and experiences related to the implementation of the Plan since its last update. The Planning Commission will review recommended updates at a future work session. LMC 14.32 will also be updated to address issues brought forth by homeowners associations and commercial property owners who wish to remove and replace existing trees but are constrained under current regulations.

During the February 4 worksession, the Planning Commission provided direction to staff on stakeholders that should be involved in this plan update to help ensure a meaningful and inclusive public involvement. A notable element of the Public Participation Plan is the development of a Task Force to assist the Planning Commission in developing recommendations for changes to the Urban Forest Management Plan and tree regulations.

A Tree Task Force representing homeowners associations, commercial property owners, residential development, environmental protection, residential property owners, and a representative from the Planning Commission. The task force is supported by a staff group representing Parks Facilities, Transportation Maintenance, Development Review, City Foresters and Community and Economic Development. The task force has met three times since March and have provided staff and City foresters input on policy and regulation issues and challenges.

Early in the Task Force's discussions, these high-level issues were identified:

- Enforcement of Tree Regulations
- Street Tree Program
- Private Property Trees and Consistent Application of Regulations
- Retention of Existing Trees Through Development Process
- Tree Education and Outreach
- Potential Establishment of Tree Board

Requests from the public regarding more tree protection and increased tree planting emerged through a parallel planning process, the Thurston Regional Climate Mitigation Plan. Planning trees and retaining large trees provides carbon sequestration, a key action to meet climate targets in 2030 and 2050. From an implementation standpoint, this would be an item that could be addressed in the Urban Forest Management Plan and tree regulations.

Following a survey of the staff and task force about their recommended priorities of the above issues, the task force collectively recommended that the City focus on outreach and education first, then enforcement of tree regulations. A State of the Trees Report is now available on the City's website (see attachment 2) and will be distributed electronically through social media, a link in the Lacey Life newsletter, and emailed to HOAs and

landscaping businesses in Lacey. We will release a series of educational videos within a few weeks.

Staff will soon begin drafting amendments to the UFMP and regulations based on City staff and task force discussions for task force review later this fall. The task force will then review and provide their final recommendations to the Planning Commission for consideration.

ADVANTAGES:

1. Periodic updates to long-range plans and implementation regulations provide opportunity for public engagement, inclusion of the most current data, and resolution of issues since the previous update.

DISADVANTAGES:

2. None identified.

STATE OF THE TREES Report

August 31, 2020

BENEFITS OF URBAN TREES

Our urban forest provides us cleaner air, a habitat for wildlife, summer shade, climate change mitigation, and reduced storm water runoff. Conserving, protecting, and growing our urban forest benefits everyone in our city. As our city grows, balancing tree retention, development, and replanting is increasingly important.

We are in the process of updating our Urban Forest Management Plan, the overarching policy document that guides the City's urban forestry vision and efforts. An important part of that update is to **provide residents with information about our trees**.

LACEY'S LANDSCAPE OVER TIME

Like most cities in the South Sound, Lacey was built in a mostly forested environment with scattered prairies. Native stands of Douglas fir, red cedar, alder, maple, and oak flourished in our gravelly soils. As our City grew, land with stands of native trees was converted into farms and industrial timberlands. These cultivated lands were eventually displaced by residential and commercial developments. Streets and parking lots covered much of the land. The need to conserve natural stands of trees and replant our City became apparent. The City adopted urban forestry as a policy to help regrow trees and other vegetation within city limits. - *Lacey City Forester*

In 1991, the City of Lacey adopted a tree-protection ordinance. Among other policies, the City prioritized retention of trees in developments and required most properties to retain or replant a minimum number of trees so the overall tree canopy would not decline.

CITY OF LACEY TREE REGULATIONS 101

- You must get a permit to remove a tree on private property; however, you may qualify for an exemption. Call the City to discuss your property before hiring a tree service.
- Topping trees is not pruning. Topping a tree is illegal and considered tree removal without a permit. Hire a certified arborist to prune your trees and keep them healthy.
- Contact our Public Works Department regarding street-tree maintenance. Some are maintained by the City, others by Homeowners Associations (HOA).
- Homeowners Association (HOA) managers should call the City to discuss forester reviews, removals, replantings, and permits in HOA open spaces and common areas with trees.

CITY OF LACEY

STATE OF THE TREES REPORT AUGUST 2020

TREE CANOPY ASSESSMENT

Urban Tree Canopy refers to the layer of tree leaves, branches, and stems that provide coverage of the ground when viewed from above. Using a tree-canopy assessment the City can see how the urban tree canopy changes over time. The City recently completed a tree-canopy assessment to analyze how much tree cover the City currently has and where. **Currently, about a third of the City has tree cover.** (See City of Lacey Tree-Canopy map on page 3.)

Tree canopy is abundant in park areas, on boulevards with street trees, and in older neighborhoods. In newer developments, the trees are just starting to take off and aren't providing as much canopy cover yet. Imagine what the canopy cover will look like in just ten years in our neighborhoods where the trees are small now but will provide much needed shade as they grow. You can help by keeping your trees healthy by properly pruning them.

CHOOSING THE RIGHT TREE*

A healthy community forest begins with careful planning. With a little research and a simple layout, you can produce a landscape that cools your home in summer and tames the winter winds. Your well-planned yard will include trees that grow well in the soil and moisture of your area, are properly placed to avoid collisions with power lines and buildings, and have aesthetics that will increase your property value.

A proper landscape plan takes each tree into consideration:

- Height. Will the tree bump into anything when it is fully grown?
- Canopy spread. How wide will the tree grow?
- Is the tree deciduous or evergreen? (Will it lose its leaves in the winter?)
- Form or shape. A columnar tree grows in less space. Round and v-shaped trees provide the most shade.
- Growth rate. How long will it take for your tree to reach its full height?
- Soil, sun, and moisture requirements.
- Fruit. No one wants messy droppings on busy sidewalks.
- Hardiness zone indicates the temperature extremes in which a tree can be expected to grow. Check with a local certified arborist for a list of trees suitable for Lacey. (Arborday.org)

*From the Arbor Day Foundation

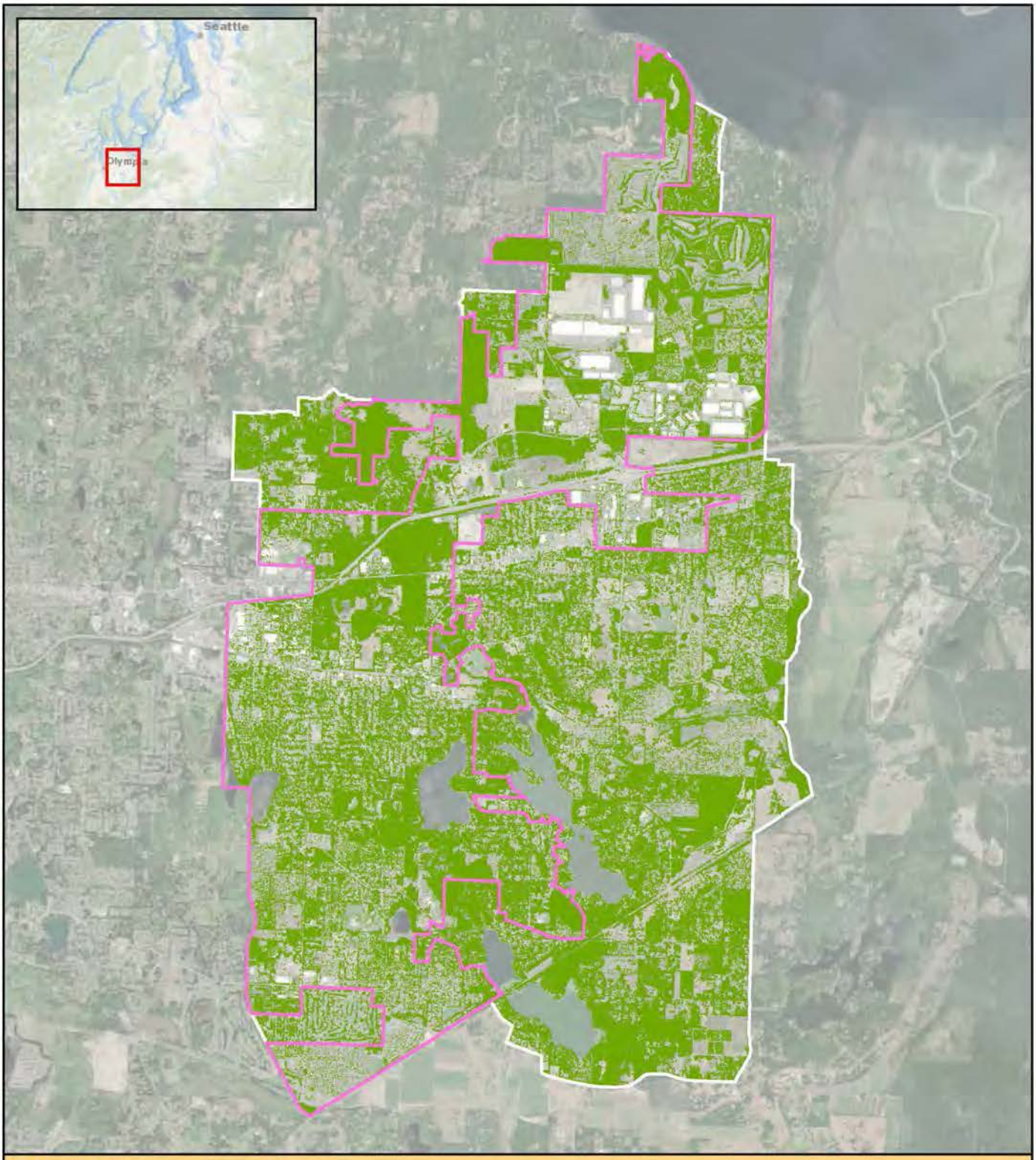
LEARN MORE ABOUT TREE PROTECTION IN LACEY

Check out our 5-part video series:

1: Introduction to Lacey's Tree Protection Ordinance
2: Lacey's Tree Protection Professionals
3: Trees and Development Process
4: Street Trees of Lacey
5: Trees on Private Property

CITY OF LACEY

Contact Information:
Community and Economic Development
email: **Planning@ci.lacey.wa.us**
call: **(360) 491-5642**
visit: **ci.lacey.wa.us/Trees**



City of Lacey - Tree Canopy

Legend

- Tree Canopy (29.7%[1] within total UGA)
- City Limits (28.3% Canopy)
- UGA (31.3% Canopy outside City Limits, within UGA)

Miles
0 1

THE WATERSHED COMPANY

CITY OF LACEY

[1] All percentages adjsuted according to accuracy analysis

August 6, 2020