CITY OF LACEY ECONOMIC DEVELOPMENT ELEMENT OF THE LACEY COMPREHENSIVE PLAN 2016

ECONOMIC DEVELOPMENT

Community Vision – Lacey has a strong and healthy economy that provides economic opportunities for all citizens; generates sufficient revenues to ensure the provision of essential public services; and makes Lacey a great place to live, work, learn, shop, and play.

ELEMENT CONTEXT

The Economic Development Element (Element) is focused on ensuring community prosperity and a healthy economy: an economy that is characterized by quality job creation and retention, and the resources to provide adequate services. A healthy economy requires a supply of commercial and industrial sites, utilities, infrastructure, jobs, and services sufficient to meet the community's needs and to provide opportunity over time.

The Land Use Element of the Comprehensive Plan addresses the City's goal to enrich the quality of life in Lacey for all citizens by building an attractive, inviting, and secure community. Part of that goal is to develop a vibrant and diversified economy. The Economic Development Element supports that effort by providing guidance on the quantities and types of non-residential land uses that will be needed, at mileposts along the way, over the next twenty years.

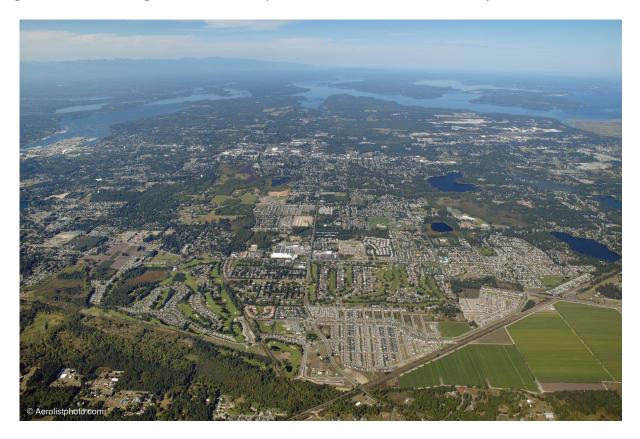
The Economic Development Element is one of three documents that address economic development efforts in Lacey. The other two documents are the Economic Development Strategy (Strategy), which is Appendix 1 of this document, and the Economic Development Program Work Plan (Work Plan). Unlike other elements in the Comprehensive Plan, the implementation measures for the Economic Development Element are not contained within the Element itself; they are contained in the Strategic Plan. The Element communicates values, vision, and sets forth goals and policies. The Strategy lays out how the policies contained in the Element will be accomplished. The Work Plan explains the concrete steps that will be taken, and the tactics used, to carry out the Strategy. While none of the three documents is completely static, the Strategy will evolve more quickly than the Element, and the Work Plan will adjust more quickly than the Strategy.

Beginning from the state of Lacey's economy, analyzed in 2015, the Element helps to shape the City's economy over the next twenty years. Relating to other elements of the Comprehensive Plan, the Economic Development Element impacts the extent of land development; the composition of land uses; helps to determine utility needs; and influences the City's ability to generate sufficient revenues to provide essential public services and the amenities that citizens need, want, and expect.

EFFECTIVE COLLABORATION

Lacey's approach to working with citizens, businesses, business owners, and entrepreneurs—its "customers"—is to minimize obstacles to their success. This approach, sometimes referred to as "the Lacey way," has served the City and its stakeholders well.

The city of Lacey coordinates its economic development efforts with a number of economic development community partners. These include public sector, private sector, and non-profit economic development organizations. Not all partners collaborate on all projects. Occasionally some partners may find themselves in competition with other partners in certain circumstances. This can happen when working with a business where two or more sites, in different Thurston County cities, might be under consideration. The more likely scenario for a competitive situation would be when a business that will generate large amounts of sales tax is seeking a site. Please refer to Exhibit 1, Organizations Providing Economic Development Services in Thurston County.



While there is county-wide collaboration, there is currently no Comprehensive Economic Development Strategy, also known as a CEDS. A CEDS is a strategy-driven plan for regional economic development, normally developed at a county or regional level. A CEDS is required by the Economic Development Administration (EDA) of the U.S. Department of Commerce for grants, or funding for the establishment of revolving loan funds. While Lacey and Thurston County are not considered economically distressed, and therefore not eligible for EDA funding, the development of a CEDS would help to formalize, on a county/regional level, which partners provide which services, protocols for working together, and where to most effectively focus scarce resources.

LACEY IN 2015

Strengths

Lacey's abundance of strengths fall into seven areas, and three thematic groups: collaboration, leadership, and stability; demographics and workforce; and location and value.

Collaboration, Leadership, and Stability

- Lacey's elected officials, management, and staff collaborate effectively with citizens, one another, community partners, and with businesses.
- The extensive network of community partners also collaborate effectively with one another, which provides a number of essential economic development services.
- Lacey enjoys stability and strong leadership.
- The combination of collaborative approach, strong leadership and stability lead to processes that are clear, predictable, fast, and inexpensive: qualities sought and valued by businesses.
- Among the economic development services provided by the City's partners are the Federal Foreign Trade Zone, the Federal Historically Underutilized Business (HUB) Zone, the Center for Business and Innovation, and a variety of business financing programs.
- The Federal Foreign Trade Zone spurs economic output and job creation in the local area by delaying or eliminating the payment of tariffs on materials and goods brought in from abroad for further processing in the Zone.
- The HUB Zone attracts businesses and jobs into areas where businesses have been disadvantaged, and assists those existing disadvantaged businesses by helping them to qualify for bonus points when competing for federal contracts.
- The Center for Business and Innovation provides a full range of services to entrepreneurs and businesses.
- Business financing programs are essential to ensure that businesses have access to the capital they need to grow and create jobs. This is especially critical for early stage businesses that may not yet qualify for traditional bank financing.

Demographics and Workforce

- The demographics in the city of Lacey are favorable for economic development.
- Because many of its citizens work for the State, or at Joint Base Lewis-McChord (JBLM),
 Lacey residents enjoy good earnings, benefits, and purchasing power.
- The nature of the work for the State, and at JBLM, requires a highly skilled and knowledge-based workforce, so education attainment is high.
- The highly skilled and educated workforce employed by the State and JBLM is a source of pride for the community and contributes to the positive social fabric.
- Particularly with Lacey citizens who are in the military, Lacey has a large contingent of citizens in a younger demographic.
- Lacey has a large group of active retirees, particularly at the Panorama and Jubilee communities. Both groups are among the wealthiest citizens in Lacey, and in the upper income and wealth range on a nationwide basis. Both groups add to Lacey's social stability.

Location and Value

- The value that Lacey represents to businesses and citizens that helps to attract economic development activity, is a high quality of life with a low cost of living, and low barriers to entry.
- Besides the quality of life characteristics enjoyed by residents already discussed, Lacey's location offers proximity to the urban centers of Seattle and Portland, but without the urban problems and high costs.
- Lacey offers businesses room to expand and grow.
- Lacey's location attracts skilled workers by offering beautiful surroundings, access to mountains, Puget Sound, the Pacific Ocean, and Olympic National Park; the sixth most visited national park in the U.S.¹
- Lacey's strategic location along the I-5 corridor between Seattle and Portland is a strength.
 This location provides good access to Amtrak, SeaTac Airport, Portland International Airport, and the Ports of Olympia and Tacoma.
- Another location advantage is Lacey's mild climate, combined with relatively inexpensive electricity, which helps keep power costs manageable for businesses.
- Lacey's mild climate means few storms or other weather events to disrupt economic activity.
- Appropriately-zoned and developable sites on which to locate businesses are still available in Lacey, due largely to forward thinking land planning in the 1990's.

<u>Weaknesses</u>

Lacey's weaknesses fall into five broad categories: collaboration, location, transportation, legislation, and lack of financial resources. Just as Lacey's strengths are interconnected, so are its weaknesses, with lack of financial resources connected to all of them.

Collaboration

- Despite the strengths of strong committed leadership, and effective collaboration among partners, lack of financial resources allows weaknesses to remain.
- As was discussed under the heading "Effective Collaboration," there is no CEDS for the Lacey area, either at the county or regional level.
- There is no EDA-recognized Economic Development District encompassing Lacey.
- Neither the City, nor the Economic Development Council (EDC), have the financial resources to staff a dedicated formal full-time Business Retention and Expansion visitation program (BRE), nor a robust and sharable database/contact management program to maintain information on the businesses operating in the community. The reason this matters is that 98% of new jobs in a community result from expansion of existing businesses, or start-up of new businesses, with only 2% of jobs resulting from attraction of businesses from other locations.² A formal BRE program would make it more likely that businesses would stay and grow here, rather than being lured away elsewhere.
- There is no local provider of the U.S. Small Business Administration (SBA) Microloan program. This directly impacts the job-creating newer, smaller businesses, because they often cannot yet qualify for bank financing.

Location

- Despite the many strengths afforded to Lacey by its location, its many beautiful lakes do lead to some of the lack of interconnectedness of its roads, slowing commerce.
- Proximity to Olympia and Tacoma preclude Lacey from attracting some retailers that generate large amounts of sales tax revenue, exacerbating lack of financial resources.
- More missed opportunity than weakness, Lacey lacks a commercial waterfront. Its lakefront land is privately owned residential property with limited land reserved for parks. Lacey's only waterfront on Puget Sound is restricted to private use.

Transportation

- While funding made available in 2015 for widening of I-5 through JBLM and improvements to the Marvin Road Interchange will improve traffic flow on I-5, it will take until 2023 for all of the proposed work on I-5 to be completed.
- Lack of public transportation to the employment centers in northeast Lacey is a problem for businesses in the area, and their employees. Intercity Transit attributes this lack of service to lack of financial resources.
- Traffic on surface streets could be improved with further enhancement to traffic signal synchronization, additional right turn lanes, and realignment of some intersections. These delays negatively impact commerce, quality of life, and the environment.
- More a missed opportunity than a weakness, Amtrak's station location and schedule precludes use of the train for intercity commuting between the core area of Lacey to Tacoma or Seattle.

<u>Legislative</u>

- Legislative weaknesses include federal, state, and local laws, rules, and regulations.
- Lacey's economic activity is sensitive to fluctuations in federal/defense spending that impact JBLM, such as sequestration.
- Until just recently, political conflicts at the state level and lack of financial resources delayed wage increases for state employees for several years. This impacted economic activities, sales tax, and contributed to a lack of financial resources in Lacey.
- Until just recently, the legislature and the Governor were unable to agree on transportation funding. This delayed improvements to I-5, as well as the Marvin Road Interchange for several years, negatively impacting transportation in Lacey.
- At the local level, our current development rules, and lack of large undeveloped parcels with freeway frontage, discourage high sales tax generating businesses, such as recreational vehicle and boat dealerships, from locating on sites that would meet their needs in Lacey. This also contributes to lack of financial resources.
- At the local level, our current development rules preclude the development of large "travel center/truck stop" gas station/convenience stores that could generate substantial sales tax, and reduce retail leakage and sales tax leakage in this category.
- High water connection and traffic fees are an impediment to development of full-service sit

- down restaurants.
- The timing of the payment for water connection fees can make multifamily residential development too expensive, limiting workforce housing, weakening Lacey's workforce availability and strength, and further exacerbating lack of financial resources due to the loss of sales tax revenue on the construction materials.
- Legislative restriction at the state level, plus lack of financial resources at both the state and local level, has contributed to high vacancies, underutilized, and poorly maintained buildings in the Woodland District, particularly along Pacific Avenue.
- The departure of many state offices during the Great Recession worsened an already deteriorating office and retail market.
- The lack of financial resources to financially engage in public-private partnerships, and the legislative restriction from using tax increment financing (TIF) to provide a higher level of public services or amenities, is a serious weakness to the overall economic development of the City.

Opportunities

- Lacey's opportunities derive from its strengths. Lacey's demographics and highly skilled workforce have the potential to benefit new, new-to-the-area, and expanding businesses.
- As highly skilled members of the military exit the service, these individuals bring their skills with them; and many choose to remain in the area due to its high quality of life and relatively low cost of living.
- Some of these individuals are also entrepreneurial. Due to the effective collaboration between the partners, including the operation of the Center for Business and Innovation, assistance will help these budding entrepreneurs get their businesses launched successfully.
- An under utilized resource in Lacey is the HUB Zone, which can provide qualifying small businesses bonus points when bidding on federal contracts.
- Another opportunity, due to Lacey's good demographics, is the absence of some higher end retailers in Thurston County. As these retailers move into markets with smaller populations, our demographics begin to match their requirements. At this time, Thurston County does not have a true high quality lifestyle shopping center appropriate to house such businesses. The undeveloped land adjacent to Cabela's could—if developed soon enough, and in the right style—capture that missed market opportunity.
- Lacey's location, demographics, and available land may present an opportunity to attract luxury car dealerships that are not currently present in Thurston County. While the urbanized area of Thurston County is too small in size and in population to support two dealerships representing the same car company, there are still a number of luxury car companies not represented in the market. Many of these now sell aspirational models that compete on price with many of the car companies that already have dealerships in Thurston County.
- The combination of all of Lacey's strengths creates significant opportunities to cement relationships with Lacey's businesses and entrepreneurs to ensure that the businesses stay in the area and take advantage of all the opportunities the area offers, and to expand and create jobs. These relationships between the businesses, entrepreneurs, the City, and the partners; and the relationships these businesses have with their vendors, suppliers, strategic partners, and their customers, afford opportunities for retention, expansion, job creation, and business attraction to the area.

Threats

While not existing as current weaknesses, there are a number of threats that hold the potential to cause harm to the community, its citizens, its businesses, and its economic well being. The threats to Lacey are external. None of the threats can be prevented. However, by preparing for them, we can lessen their consequences.

- While Lacey is largely spared major weather events that cause long term damage, destruction, or disruption to commerce, there are other natural disasters that can impact us, including earthquakes or volcanic eruption.
- Of similar potential consequence is terrorism. In addition to the human suffering and damage, any of these could severely harm Lacey's economy and its businesses.
- Lacey is not a one-industry town, but JBLM's economic impact on Lacey and its citizens is significant. Lacey must remain flexible and resilient in the case of operational downsizing or expansion at JBLM.
- The presence and preservation of threatened and endangered species presents a challenge for habitat management and development in Lacey.
- One other potential threat would be negative media attention to areas immediately outside of the City, such as violent protests in Seattle and Olympia that might tarnish Lacey's image.

2015 Market Study

In early 2015, the City engaged a consultant to prepare a Market Study (Study) to be used to inform the Economic Development Element, the Land Use Element, the Economic Development Strategy, and the Economic Development Work Plan. The Study (Exhibit 2) was an in-depth look at Lacey's economy in 2015, and a look ahead over the next twenty years. The Study included an inventory of built space by type, including vacancies; job growth projections; projections of land use demand by type; and the creation of a complete inventory of businesses operating in the City. Also included was information on retail leakage, based on the City's 2015 city limits, that could be used in retail

recruitment and to reduce sales tax leakage.

The typical method for measuring retail leakage is to compare 100% of the retail sales within a city to 100% of the purchasing power of that city's residents. While retail sales in Lacey were available, determining the purchasing power of City residents was a problem due to the city of Lacey's boundaries. The City is spread over three zip



codes and 16 census tracts, none of which is exclusively within the city limits. A larger issue is identifying the purchasing power of the residents within the total Lacey market area, rather than just those within the boundaries of the city limits. Depending on the type of goods being purchased, the market area might be as small as the immediate neighborhood or as large as a multi-county region.

A cursory review of the Study shows that, using data approximating the Lacey city limits, the City enjoys a net retail capture led by grocery stores, discount stores, warehouse stores, superstores, and home centers. This seems to contradict comparative sales tax information from the State of Washington Department of Revenue that has historically shown that Lacey lags Olympia, Tumwater, and many other Washington cities in per-capita sales tax collection. This contradiction necessitated further analysis, in the form of the Supplement to the Market Study (Exhibit 3), to look at three factors: geographic, retail versus taxable sales, and retail mix.

Expanding the geographic area to reflect Lacey's retail catchment area, including 100% of the residents for all census tracts touching Lacey, plus the city of DuPont, more closely matches the Lacey market. This includes areas where the closest stores selling goods routinely purchased by area residents are located in Lacey. Based on that larger area, some very large sales tax opportunities become obvious: automobiles and gas stations with convenience stores. Both of these potential sources of sales tax are discussed elsewhere under the "Strengths, Weaknesses, Opportunities, Threats Analysis" (SWOT). The potential for automobile sales is cited as an opportunity. The impediments to develop large-scale gas stations with convenience stores are cited as a weakness.



Not all retail sales in Washington are taxable. With few exceptions, groceries are not taxed. In Lacey, grocery stores account for nearly \$200 million in annual retail sales. More than half of the \$120 million annual sales at Lacey's warehouse clubs and superstores are groceries, trimming another \$60 to \$70 million of taxable sales from Lacey's retail sales.

As discussed under "Opportunities" in the SWOT analysis, looking at the retail mix we currently have in place, the size and demographics, Lacey's retail catchment area, and the Thurston County retail catchment area, the purchasing power exists to attract higher-end merchants than we have currently. However, the market lacks suitable sites for those stores that generally prefer open air malls and lifestyle centers with a high level of amenities.

Market Characteristics

Lacey is a community of 80,230. Of that, 46,020 live within the city limits, with the rest in the Urban Growth Area (UGA)³. Given Lacey's proximity to the State Capital and JBLM, it is not surprising that government is the number one industry cluster. Approximately 5,200 Lacey residents work in the public sector, which comprises 30% of the workforce in Lacey. The other major clusters are: retail trade 17%; accommodation & food service 11%; and healthcare, finance and insurance, and information technology at 5% each. Manufacturing, which has a high economic impact, represents 2%, which is below the 3% in Thurston County, and well below the 10% rate for the State.⁴

The unemployment rate is the percentage of people unemployed but looking for work, compared to the total number of both employed, plus the number unemployed, but looking for work. Unemployment numbers are based on where the person lives, not where the jobs are located. A person living in Lacey, and working in Olympia would be counted among Lacey's employed. If their job was eliminated, they would count among Lacey's unemployed. A person living in Olympia but working in Lacey would not count in Lacey's numbers whether their job continued in Lacey, was eliminated, or moved to another city.

There is some seasonality to Lacey's unemployment rate, with the highest level of unemployment occurring in the first quarter of the calendar year, and bottoming out in the fourth quarter. This seasonality has been largely unchanged over the last 10 years. Please see Table 1, which follows. Due to this seasonality, useful comparisons over time must be made either same month to same month, or annual to annual.

Table 1—Seasonality of Unemployment in Lacey

	(Average 2005-2014)	
Month	Unemployment Rate	% Month/Year
January	7.4	105%
February	7.7	108%
March	7.4	104%
April	7.0	98%
May	7.2	101%
June	7.0	99%
July	6.9	97%
August	7.0	99%
September	6.9	97%
October	6.8	96%
November	6.8	96%
December	6.9	98%
Average for all months & all years	7.1	

Source: Bureau of Labor Statistics

During stable and expanding periods of the economic cycle, Lacey's unemployment rate tends to be higher than both the State of Washington and the national average. This tendency is reversed early in an economic contraction due to Lacey's high number of public sector employees. This tendency is shown very clearly in Table 2, which follows. When the full impact of the Great Recession hit the rest of the economy in 2008-2010, the impact on unemployment in Lacey was delayed due to the effect of Lacey's public sector-employed citizens. This same factor delays employment recovery in Lacey since expansion of public sector employment also tends to lag economic recovery.

Table 2—Comparison of Unemployment Rate in Lacey to Washington and U.S.

2005-2014	4 Average Unemployn	nent Rate Co	mpare	% Lacey	Rate to:
Year	Lacey	WA	US	WA	US
2005	5.5	5.5	5.1	100%	108%
2006	5.2	4.9	4.6	106%	113%
2007	5.1	4.5	4.6	113%	111%
2008	5.4	5.4	5.8	100%	93%
2009	7.6	9.2	9.3	83%	82%
2010	9.2	10	9.6	92%	96%
2011	8.9	9.2	8.9	97%	100%
2012	8.6	8.1	8.1	106%	106%
2013	8.2	7	7.4	117%	111%
2014	7.1	6.2	6.2	115%	115%

Source: Bureau of Labor Statistics

The high percentage of retail trade employment in Lacey matches the level of retail businesses in the City. Lacey has 21 retail stores that are considered "big box." These include: Best Buy, Burlington, Cabela's, Costco, Fred Meyer, Home Depot, Kohl's, Lowes, Marshalls, Michaels, Office Depot, Office Max, Petco, PetSmart, Safeway (3,) Sears, Shopko, Target, and Wal-Mart Super Center.

Retail is a major component of Lacey's built commercial space, comprising 2.2 million square feet of Lacey's current inventory of commercial space. Another 240,000 square feet of retail space is currently vacant. While most of this space is comprised of small spaces in a variety of retail strip centers, there are concentrations in the South Sound Center, the Fred Meyer-anchored shopping center, and a large vacant grocery store. The remainder of Lacey's built commercial space follows.

Table 3—Inventory of Built Commercial Space

271,000 square ft.	Lodging facilities
222,000 square ft.	Full service restaurants, pizza, take-out, and fast food
178,000 square ft.	Self-storage
128,000 square ft.	Arcades, cinemas, fitness clubs, and a small casino
125,000 square ft.	Professional services establishments

Source: City of Lacey Market Study 2015 - These numbers do not include space exclusively used for offices, such as those occupied—or formerly occupied—by the State of Washington in Woodland Square Loop.

LACEY FROM 2020-2035

By 2035, it is estimated that the Lacey community will have a population of 107,720. Of that, 53,090 will be within the city limits, with the remainder—more than half—in the UGA. Please see Table 4, which follows.

Table 4—Population Forecast Cities & UGA's 2015-2035

	Population Forecast Cities & UGA's 2015-2035											
Jurisdiction		2015	2020	2025	2030	2035						
Lacey	City	46,020	49,360	50,850	52,170	53,090						
	UGA	34,210	39,250	44,140	49,350	54,630						
	Total	80,230	88,610	94,990	101,520	107,720						
Olympia	City	51,020	55,160	60,750	65,630	68,410						
	UGA	11,920	12,690	13,280	14,310	15,990						
	Total	62,940	67,850	74,030	79,940	84,400						
Tumwater	City	19,100	22,930	25,800	28,440	30,100						
	UGA	6,550	7,910	9,820	11,710	12,790						
	Total	25,650	30,840	35,620	40,150	42,890						
Rest of County	Total	95,580	108,600	117,560	126,990	135,590						
Grand Total	Total	267,400	295,900	322,200	348,600	370,600						

Source: Thurston Regional Planning Council

The following section relied extensively on the Market Study. While the recent past is not necessarily an accurate predictor of the future, the Market Study attempted to use data from a variety of credible sources to develop projections of what could be expected over the next twenty years. Naturally, the farther into the future projections are made, the greater the number of possible variables can influence the actual outcomes. The Market Study and the Economic Development Element both acknowledge that extraordinary events, including wars, natural or man-made disasters, or dramatic technological changes, can invalidate the projections used.

SWOT Analysis (2020-2035)

Most of the strengths, weaknesses, opportunities, and threats discussed under "Lacey in 2015," appear to remain valid. Demographically, Lacey—along with the rest of the nation—will grow a little older, and more ethnically diverse. Education attainment will likely remain a strength. Education achievement may actually improve as legislative actions in response to court cases, and voter initiatives to better fund public schools and reduce class sizes, are implemented.

Effective collaboration between the economic development partners, which is so much a part of the culture of the area, will likely continue, and may be enhanced further if a CEDS is developed to better define roles, responsibilities, and protocols. Effective collaboration between the partners can also help protect Lacey's economic well-being from the natural and man-made disasters described

in "Lacey in 2015" by providing disaster preparedness/business resiliency training to ensure businesses are better able to survive a disaster, and to develop plans, beforehand, to collaborate on recovery after any disaster.

Continued rapid population growth in the Seattle area, their continuing rapid rise in the cost of living and enhanced regulations, may create opportunities beyond just normal job growth for Lacey. As available land in the central Puget Sound area becomes scarcer, more expensive, more difficult to assemble into large parcels, and more expensive to develop, opportunities may come to Lacey to increase the percentage of high-economic-impact manufacturing jobs, to bring the percentage more in line with the rest of the State. These opportunities may be enhanced if the practice of "re-shoring" manufacturing jobs, that had once been moved overseas, continues to increase. Re-shoring can occur due to transportation costs, concerns businesses have abroad with political or economic instability, protecting intellectual property, increased labor costs, or increased regulation.

Market Conditions (2020-2035)

Table 5—Job Growth by Industry Sector through 2035

Sector	Job Growth
Personal and Repair Services	2,100
Food Service & Accommodations	2,000
Government	1,600
Wholesale Trade	1,300
Retail Trade	1,200
Health Care	1,100
Broadcasting & Telecommunications	800
Professional & Business Services	800
Other	700
Construction	600
Finance & Insurance	500
Administrative Support	500
Education (private)	500
Total	13,700

Source: 2015 City of Lacey Market Study

Nearly 40% of the new jobs forecast to be created in Lacey are concentrated in three sectors that are often lower paying and offer few fringe benefits to employees. These include Personal and Repair Services, Food Service and Accommodations, and Retail Trade. Manufacturing jobs, which typically have the highest economic impact, are forecast to grow by only 90 positions by 2035. Manufacturing jobs are included in the above table under "other."

Commercial opportunities in the Hawks Prairie Business District could substantially increase City revenues in the form of new retail, property and B&O Tax. Depending on the type and composition of development, this could help to offset the nearly \$124 million annual retail leakage from automobile sales and gasoline/convenience store sales.

As part of the development of the 2015 Market Study, data on current employment by sector was used in conjunction with an inventory of all of the non-residential built space to determine the amount of floor space utilized per employee by sector. This was compared to industry averages available from a variety of sources. Using that information and projected employment growth by sector, a projection of built space was created and is presented here:

Table 6--Land Demand Projections in the City of Lacey Through 2035

Building Space (B) expressed in thousands of sf; Land (L) expressed in acres. Numbers may not total due to rounding

Type of Space	201 Base		Project Demi	and	Projection Demi	and	Project Dema 2025-2	and	Project Dema 2030-2	and	Total Projected Demand 2013-2035			
	В	L	B L		В	L	В	L	В	L	В	L		
Ground Floor Commercial	2,890	265	885	81	580	53	625	57	625	57	2,715	249		
Office or Business Park	1,371	79	261	15	189	11	201	12	201	12	852	49		
R&D/Flex	64	4	24	2	16	1	16	1	16	1	72	5		
Manufacturing/ Industrial	1,496	137	512	47	280	26	304	28	304	28	1,400	129		
Warehouse & Storage	351	54	108	17	54	8	54	8	54	8	270	41		
Institutions	800	37	150 7		100	5	100	5	100	5	450	21		
Total	6,972	576	1,940	168	1,219	104	1,300	111	1,300	111	5,759	493		

Source: 2015 City of Lacey Market Study

Given Lacey's significant growth in both land area and population over the last twenty years, the continuing growth the City will experience over the next twenty years will begin to be characterized by more redevelopment of existing, under utilized sites, and less new development of greenfield sites.

GOALS AND POLICES

Lacey's approach to economic development, characterized by a culture of collaboration and partnership with citizens, property owners, developers, and entrepreneurs to minimize obstacles to their success, has been referred to as "the Lacey way." The following goals and policies have been developed to maintain this culture and realize the City's vision.

Goal 1: <u>Lacey Values a Thriving and Sustainable Business Environment</u>—Lacey believes that land uses, environmental stewardship, job creation, and a thriving economy are inextricably linked. By maintaining a high quality of life for citizens, Lacey attracts a skilled workforce, which attracts the quality job-creating businesses needed for a thriving economy.

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.

Policy B: Ensure Lacey's development process remains clear, predictable, timely, and efficient, by

looking at ordinances, rules, permitting processes, and policies from the perspective of its business customers to avoid creating unnecessary obstacles.

Policy C: Ensure Lacey provides timely, adequate and accurate information so that landowners, developers, and businesses are able to make investment decisions.

Policy D: Ensure Lacey continues to improve and streamline necessary processes to provide excellent, efficient, and effective service to its customers.

Policy E: Balance the needs of businesses with the needs of its citizens.

Goal 2: <u>Lacey is Business Ready</u>—The economic needs of Lacey's citizens are met because Lacey is prepared to meet the needs of all of its business customers.

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.

Policy B: Ensure that Lacey has an appropriate level of professional, customer-oriented, trained, and empowered employees to meet the needs of its customers.

Policy C: Ensure Lacey has adequate, reliable, affordable, and user-friendly utilities and infrastructure to meet the needs of businesses in Lacey, now and in the future.

Policy D: Ensure that street designs encourage all modes of transportation, including transit, pedestrians, bicyclists, automobiles, and trucks/commercial vehicles.

Policy E: Work with partners to ensure that all areas of the City are appropriately served by public transit, based on where citizens live, work, learn, shop, and play.

Policy F: In the event of a disaster, natural or man-made, Lacey will take positive steps, as soon as possible, to do everything it can to help businesses reopen.

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

Goal 3: <u>Lacey Collaborates Effectively</u>—Lacey continues to work collaboratively with partners and on its own, to retain, encourage expansion, and attract quality businesses to Lacey that will provide quality jobs; goods and services; generate sufficient revenues to ensure the provision of essential public services; and to make Lacey a great place to live, work, learn, shop, and play.

Policy A: Continue to work collaboratively with partners through frequent contact to foster relationships, stay current, and adjust to changes in partners' services and needs.

Policy B: Work with the EDC and other partners to determine what opportunities, if any, the area is missing due to a lack of a CEDS. Lacey will work with the partners to develop a CEDS if appropriate.

Policy C: Strengthen partnerships with educational institutions, including South Puget Sound Community College (SPSCC), St. Martins University, and North Thurston Public Schools.

Policy D: Strengthen partnerships with the Port of Olympia and Pacific Mountain Workforce Development Council.

Policy E: Work with partners to attract businesses to locations where they will be successful.

Policy F: Continue to support a culture of dialog and partnership among City officials, residents, property owners, the business community, the military, community partners, and other governmental agencies.

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

Policy H: Maintain a joint planning program with Thurston County to foster consistent land use designations and development standards, as well as transportation corridors—for both residents and commerce—in the incorporated and unincorporated portions of the Lacey Urban Growth Area (UGA).

Goal 4: <u>Lacey is Ethical</u>—The city of Lacey is an ethical organization, and its economic development efforts are carried out in an ethical manner.

Policy A: Economic development efforts will be carried out in keeping with the city of Lacey's Code of Ethics (Exhibit 4,) the International Economic Development Council (IEDC) Code of Ethics (Exhibit 5,) and the American Institute of Certified Planners (Exhibit 6) Code of Ethics.

Policy B: Projects will be treated in a consistent manner based on policies set by Council.

Policy C: Implement the City's vision, without sacrificing standards, ensuring that all landowners and developers are treated fairly and equitably, and based on the unique needs of the project and site.

Goal 5: <u>Lacey Invests Wisely in its Future</u>—Lacey "incents" businesses to start-up, locate, and expand in Lacey by having a strong economy; suitable available locations, utilities, and infrastructure; a highly skilled workforce; and by making the City's process to get and stay in operation clear, predictable, fast, and inexpensive.

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.

Policy B: When needed for projects that will enhance the City's vision, use incentives as part of a targeted strategy that will create value, create better, long-term results, and/or to cure a particular problem or competitive weakness.

Policy C: In the instances when incentives are used, the incentive will be based on the concept of

"gain share", meaning that the incentive earned and paid to the qualifying business represents a portion of revenues that the City has already collected, and would not have collected had the business not located/expanded within Lacey.

Policy D: To the extent that incentives are used, they will be focused to also achieve both smart-growth and economic development objectives, by helping to make redevelopment of existing sites already served by infrastructure, public transit, and near worker housing, more financially competitive with development of greenfields.

Policy E: Review and adjust all fees regularly to ensure that fees are appropriate; fair; balance smart growth goals with business needs; encourage investment; and foster business creation, retention, expansion, and attraction.

Policy F: Encourage local education institutions to partner with economic development organizations and businesses to promote custom workforce training.

Policy G: Encourage greater collaboration between local education institutions, JBLM, economic development organizations, and businesses.

Citations

¹ National Parks Conservation Association Most Visited National Parks in 2014 available at http://www.npca.org/exploring-our-parks/visitation.html accessed June 11, 2015.

²Jed Kolko, *Business Relocation and Hometown Jobs, 1992-2006*, San Francisco: Public Policy Institute of California), 2010 as cited in 2015 City of Lacey Market Study.

³ Thurston Regional Planning Commission Population Estimates and Forecast 2010-2035 available at http://www.trpc.org/DocumentCenter/Home/View/1415, accessed September 18, 2015.

⁴ 2015 City of Lacey Market Study.

Thurston County Economic and Community Development Matrix

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Lacey Community Market Study FINAL REPORT

August 2015

Prepared by WAHLSTROM & ASSOCIATES

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APPENDIX A: Report Table

1. SUMMARY OF FINDINGS AND REPORT ORGANIZATION

Key findings and results to this report are summarized below. The Appendix includes data tables that describe Lacey's demographic characteristics, economic trends, and the projected demand for land and business space.

Demographics

- Lacey's demographic characteristics are similar to Thurston County and the State of Washington in terms of growth trends, age distribution, level of educational attainment, cultural diversity, and other socioeconomic characteristics;
- Lacey residents are moderate income with slightly more middle-income households and fewer high-income earners than the State;
- Household incomes experienced severe decline during the great recession with incomes dropping by \$12,000 per household after adjusting for inflation. Incomes have recovered during the past five years and climbed back up to the same level as 2000. It is important to note that Thurston County and the State experienced similar patterns of income losses during the recession, followed by a recovery of household income since 2010.
- Lacey has a somewhat higher unemployment rate (7.5 percent) and lower labor force participation rate than the State and County;
- Lacey's population is growing slightly faster than both the region and state, due to its less severe decline during the great recession.

Business Inventory

- 1,013 business establishments are located within Lacey's City Limits. Arts, entertainment, accommodations, and food services account for 28 percent of the establishments, with national and regional chain stores comprising about half of the food and personal service establishments;
- The body of the report describes the number of firms in each sector, and a list of every establishment doing business in the City is included in Appendix B.

Built Space Inventory

- The City of Lacey has 3.6 million square feet of built commercial space with nearly
 2.2 million square feet occupied by retail establishments;
- The remainder of Lacey's built commercial space includes:
 - 222,000 square feet of full-service restaurants, pizza, take-out, and fast food establishments;
 - o 220,000 square feet of lodging facilities;
 - o 178,000 square feet of self-storage;

- 128,000 square feet occupied by arcades, cinemas, fitness clubs, and a small casino;
- o 125,000 square feet of professional service establishments.
- The inventory also includes 240,000 square feet of vacant space that could be occupied by retail establishments.

Employment by Industry Characteristics

- Lacey's private and public sector employers generate 16,900 jobs;
- The City has a weak manufacturing job base that is primarily comprised of food, beverage, and furniture manufacturing;
- The wholesale trade sector is very strong capturing nearly 30 percent of Thurston County's jobs;
- Retail trade is a significantly larger share of Lacey's economy (17 percent of all jobs) than it is in Thurston County or the entire State;
- Approximately 36 percent of Thurston County's finance jobs are located in Lacey.

Employment Growth Trends

- Lacey's economy has consistently out-performed the regional and State economy since 2000;
- Employment growth was faster in Lacey than the surrounding region during time periods of strong growth—2001 to 2007, and since 2010;
- Lacey's loss of jobs was less severe during the great recession than was the loss of jobs in the region and the state.

Employment and Land Demand Projections

- Lacey can anticipate that 13,700 new jobs will be added to the City's economy by 2035. On average, Lacey's economy should expand by 620 jobs per year;
- The projected new jobs will generate a demand for 2.8 million square feet of new ground floor commercial space by 2035;
- An additional 850,000 square feet of new office and business park space will be needed along with 1.5 million square feet of industrial and flex space and 270,000 square feet of warehouse and storage space.

Retail Sales Leakages

- Lacey's 140 retail establishments anchored by 10 big-box establishments earn nearly \$870 million of sales;
- Lacey's big-box anchor stores have become a regional shopping destination with sales earned greatly exceeding the market area residents spending of \$370 million at commercial stores;
- \$62.5 million of spending leakages on new and used automobiles may be plugged.

Economic Development Opportunities

- Lacey's economic development opportunities are primarily constrained by the lack of manufacturing establishments throughout Thurston County, which are driven by technological innovation that generate strong economic and employment multipliers through value added activities.
- Health care and government are Lacey's two relatively weak economic sectors, compared to Thurston County.
- Lacey's barriers to growth are subtle, complex and directly related to the absence of a downtown or a central gathering place for people and civic activities.
- Lacey has 240,000 square feet of vacant commercial space that could be occupied by retail and other commercial establishments. The larger vacant spaces that range in size between 11,000 square feet and 42,000 square feet are too poorly located to successfully attract regional serving retail, which makes attracting new retailers to the vacant spaces very difficult given the absence of spending leakages.
- The City should consider allowing some of the larger vacant sites to be redeveloped for housing or a mix of uses; a vacant site in the Martin Village shopping center could be subdivided and reused for more arcades, a fun center or a food court; The City should encourage new investors to acquire and redevelop the South Sound Shopping Center for a mix of uses with less land used for parking and more intensive floor area ratios. Other large sites along the Lacey Blvd. and Pacific Avenue corridor could be reused for general commercial space.
- Smaller vacant commercial spaces that average only 1,800 square feet in size could be promoted through a local tour that can generate some interest from home based businesses or individuals local looking for new commercial or live-work space.
- The City should encourage a new commercial real estate product to be developed in the Gateway area that is designed as a walkable Lifestyle or Factory Outlet Center. If planned and designed properly, a new lifestyle factory outlet center at the Gateway could attract additional regional customers.
- The City of Lacey should consider alternatives to "old school" economic development approaches that offer incentives to reduce the costs of doing business thereby entering into a race to the bottom with neighboring communities. Alternative approaches to consider include establishing a business expansion and retention program; encouraging a mix of smart growth uses in a single location that includes transit hubs, housing and commercial services, and; creating a website that will match business prospects with Lacey's available business sites.
- The City should also consider allowing fulfillment centers that distribute on-line retail sales, which require at least 1 million square feet of space. Lacey's excellent I-5 access can offer corporations an ideal location for new fulfillment centers serving the Puget Sound region.

ORGANIZATION OF REPORT

This report documents nearly six months of work. Below is a brief explanation of each section of the report.

Section 1 Summarizes the findings and organization of this report.

Section 2 Describes the community and regional demographic trends, including population, and household and income characteristics of Lacey and the surrounding market area.

Section 3 Describes Lacey's economic setting, including an inventory of existing business establishments, an inventory of built commercial space within each commercial area of the City, a description of employment by industry within the City limits and the surrounding region, and an analysis of past employment growth trends.

Section 4 Projects the growth of employment and the demand for new business space and land in Lacey through 2035.

Section 5 Describes the capture of retail sales, consumer spending, and leakages that may be captured.

Section 6 Summarizes Lacey's economic development opportunities and provides suggestions on taking advantage of the City's location to capture a larger share of the market opportunities.

2. COMMUNITY AND REGIONAL DEMOGRAPHIC TRENDS

Lacey's demographic characteristics share similarities with Thurston County and the State of Washington. However, Lacey is growing slightly faster than both the three-county I-5 corridor region and State, due to its less severe decline during the great recession.

The local and regional demographic characteristics are described below with detailed tables contained in Appendix A. The demographic information is purchased from Claritas, which uses the U.S. Census American Community Survey as the data source.

Population Growth Trends

Lacey's 2.8 percent annual population growth rates between 2000 and 2010 far exceeded growth rates in Thurston County, the region, and the State of Washington. Though they have slowed, Lacey's growth rates continue to exceed the County, region, and State since 2010.

Nearly 20,000 housing units have been developed in the City of Lacey, which amounts to about 17 percent of Thurston County's housing units. The number of Lacey's housing units expanded at a 3.1 percent annual rate between 2000 and 2010. Since 2010, annual population growth rates have slowed to 2.1 percent, but the growth of housing units continues to exceed the County, region, and State of Washington.²

Age Characteristics

The age characteristics of Lacey's residents are very similar to Thurston County, the region, and the State of Washington. Lacey residents are slightly younger than the average Thurston County resident: about 38 years compared to about 40 years. However, the difference is minimal, and the region and State both have average ages of about 38. Approximately 26 percent of Lacey residents are 55 years or older, compared to 29 percent of Thurston County residents and 27 percent in the region and State.³

Educational Attainment

Lacey and Thurston County residents are similar to the State as a whole in attainment of bachelor's or advanced college degrees (29 percent, 31 percent and 32 percent, respectively). The region has a slightly lower rate of higher education degrees (25 percent). Conversely, 7 percent of Lacey adults, and 6 percent in the County, did not finish high school, a lower rate than the State as a whole and than the region (with 10 and 9 percent respectively).⁴

¹ Region includes the three contiguous I-5 counties of Thurston, Pierce, and Lewis.

² Appendix Table A-I describes the population and housing unit growth trends between 2000 and 2015.

³ Appendix Table A-2 describes the age characteristics among the residents of Lacey, Thurston County, and the surrounding region, 2015.

⁴ Appendix Table A-3 describes the formal education completed among the adult (25 and older) residents of Lacey, Thurston County, and the surrounding region.

Language Spoken at Home

Sixteen percent of Lacey residents do not speak English at home with 8 percent speaking an Asian language, 4 percent Spanish and 3 percent other languages. Eleven percent of Thurston County residents do not speak English at home as do 14 percent in the three-county I-5 corridor region. The State has a higher rate of language diversity with 19 percent of residents that do not speak English at home.⁵

Labor Force Participation

A review of the current unemployment and labor force participation data shows some characteristics that distinguish Lacey from Thurston County and the region. Lacey's 7.5 percent estimated unemployment is nearly a percentage higher than Thurston County's 6.6 percent unemployment rate (2014 annual average).⁶ It is significant to note that 60 percent of Lacey residents (16 years of age and older) participate in the labor force compared to 64 percent in Thurston County. The reasons for a lower labor force participation rate are likely due to a combination of factors that includes the establishment two retirement communities along with a higher percentage of young U.S. military retirees that have been attracted to the community and the relatively large number of service members stationed at JBLM who have larger families and children living at home who choose to reside in Lacey.⁷

Travel Time to Work

Lacey's employed residents have an average commute of 27 minutes to work each way. The average travel times to work are similar for residents of Lacey, Thurston County and Washington State. Very few of Lacey's employed residents have commutes of less than 15 minutes to work, and 11 percent of Lacey's workers engage in long distance commuting that extends beyond 45 minutes of travel time.⁸



⁵ Appendix Table A-4 describes the primary languages spoken at home among residents age 5 and over in Lacey and the surrounding region, 2014.

⁶ The Thurston County and State of Washington monthly unemployment rates continued to decline in 2015, but the State does not report any Lacey-specific data. Lacey estimates utilize 2010 U.S. census data.

⁷ Appendix Table A-5 describes the labor force characteristics in Lacey and the surrounding region.

⁸ Appendix Table A-6 describes commuter travel time to work in Lacey and the surrounding region.

Income Trends and Distribution

Figure 1 illustrates the economic impact of the great recession on household income and spending capacity. Lacey's average household incomes collapsed from \$67,700 in 2000 to \$56,100 in 2010 (adjusted for inflation and measured in \$2014). Incomes have experienced strong gains since the recession, but they are barely back to the 2000 income levels. At present, the average Lacey household generates \$68,200 per year of income, which is about 93 percent of the average income earned by Thurston County households, and 86 percent of the \$78,800 of income earned by the average Washington State household.⁹

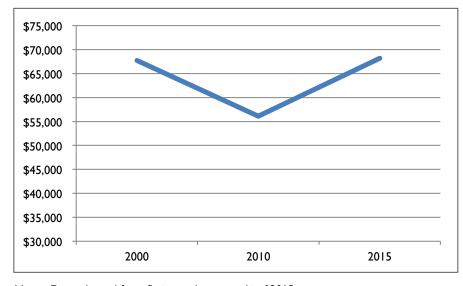


Figure 1 - Average Household Income Trends in Lacey, 2000 to 2015

Note: Data adjusted for inflation and measured in \$2015

The income distribution data indicates that Lacey's household incomes are nearly identical to income distribution patterns throughout Thurston County and the I-5 corridor. However, the data does show that Lacey has a higher percentage of middle-income households that earn between \$50 and \$100,000 (38 percent) than is the case throughout the State of Washington (32 percent). Lacey also has a lower percentage of high-income earners (5 percent) than is the case throughout the State (11 percent). ¹⁰

⁹ Appendix Table A-7 describes the average household income trends in Lacey and the surrounding region between 2000 and 2015. Reported incomes are adjusted to inflation and measured in \$2015.

¹⁰ Appendix Table A-8 describes income distribution among households in Lacey and the surrounding region.

3. LACEY'S ECONOMIC SETTING

This section of the report provides an analysis of the current economic base and historical trends. It includes an inventory of private sector business establishments, an inventory of built commercial space, a description of the local and regional economic base, and an analysis of past job growth trends that will influence Lacey's future economic growth.

The establishment information within this section of the report is purchased from InfoUSA with Wahlstrom & Associates checking for the accuracy of the location and NAICS code of each establishment. The data rely on lenders' requirements for individual establishments to report employment, sales, and other business information to Dun & Bradstreet or directly to private lenders.

3.1 Business Inventory

An inventory of 1,013 business establishments located within the Lacey City Limits is summarized in Figure 2 below. ¹¹ Following are pertinent observations about Lacey's business community.

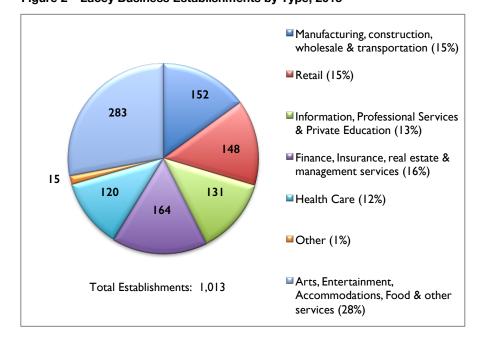


Figure 2 - Lacey Business Establishments by Type, 2015

¹¹ The full list of businesses is included in Appendix B. InfoUSA is the primary data source, but every business was checked with Google search to ensure each is located within the City limits and is not a home-based business. Non-profit organizations, churches, fraternal associations, public schools and other government agencies are not included on this list.

Food and Personal Service Establishments

Food or personal service establishments comprise 28 percent of Lacey's business inventory. National and regional chain stores make up about half of the 283 food and personal service establishments that employ more than 50 workers each. Establishments that employ 50 or more workers include Hawks Prairie Casino, Ram Restaurant & Brewery, Red Robin Burgers, McDonald's, Applebee's, and the Golf Club At Hawks Prairie. In general, each small, independent food and personal service establishments employ fewer than five workers.

Finance, Insurance, and Real Estate

Lacey's economy includes 164 establishments in the business of finance and other related fields. The inventory includes well-known national corporations that employ a small number of workers at each branch office. Financial establishments that employ 50 or more workers each include: Anchor Bank, Access Information Management, First Citizens Bank, Twinstar Credit Union, and America's Credit Union.

Construction, Wholesale Trade, Manufacturing, and Transportation Establishments

Fifty-nine construction companies are located in Lacey, among many other home-based construction businesses. One large firm (Sunset Air) employs approximately 200 workers but all other construction establishments employ 35 or fewer workers each.

Forty-three business establishments located in Lacey engage in the wholesale trade of a wide range of products including food, pharmaceuticals, electrical equipment, and other materials. Wholesale establishments employing more than 50 workers each include the Alarm Center, International Paper, Trader Joe's, Shipwreck Beads, and Summit Fence Company. Eight of Lacey's wholesale establishments earn more than \$50 million of sales per year. In addition to the jobs these large revenue-producing firms provide directly, they also generate strong economic multipliers through the local and regional economy.

Thirty-three manufacturing establishments are located in Lacey, including 10 that are engaged in producing food and beverages. The largest manufacturer is IP Callison & Sons, a producer of mint oils and flavors that employs nearly 100 workers. The remaining manufacturers employ fewer than 40 workers per establishment. In addition, two of Lacey's manufacturing establishments earn more than \$10 million of sales per year, and the remaining thirty or so establishments are not high-revenue producing businesses.

Retail Establishments

Many brand name national and regional chains have established store locations to take advantage of Lacey's excellent location along the I-5 corridor. The Wal-Mart Supercenter, Cabela's, Safeway, Costco, Fred Meyer, Lowe's, Sears, Home Depot, and Best Buy each generates more than \$30 million of sales per year. Shopko, the Wal-Mart Neighborhood Center, Harley-



Davidson, Burlington Coat Factory, QFC, PetSmart, Kohl's, Marshalls, and Walgreens each generates between \$8 million and \$30 million of sales. This leaves Lacey with 65 retail establishments that generate between \$1 million and \$8 million of sales with between 5 and 35 employees each. The remaining 64 smaller retail establishments, most of which are locally-owned, each generates less than \$1 million per year of sales revenue.

While national and regional chain stores bring badly needed tax dollars, studies have shown they take their revenue out of the communities where stores are located leaving a small percentage to be re-circulated through the local economy. In contrast, locally-owned stores have difficulty competing against the national chains but their sales are re-circulated through the economy, and they generate strong economic multipliers.

Information, Professional Services, and Private Education

Lacey has 16 establishments engaged in broadcasting, telecommunications, or data processing. Xerox, which operates a call center in Lacey, is the sole large information industry establishment that employs 1,000 workers.

A diverse mix of 88 professional service establishments located in Lacey includes architects, attorneys, accountants, photographers, computer design and related services, engineers, management consultants, veterinarians, and a mix of other professional establishments. Transaction Networks Services, a global supplier of data communications, is Lacey's largest professional service firm and employs nearly 200 people.

More than 20 private education providers that do business in Lacey include fine arts schools, parochial schools, pre-K education centers, private colleges, and sports education centers such as a martial arts school. Saint Martin's University is the largest private education employer with approximately 290 workers. No other education establishment employs more than 30 workers.

Health Care

Lacey has a mix of 120 health care establishments including emergency centers, child care facilities, chiropractors, dentists, home health, optometrists, physicians and physical and occupational therapists. The Providence Regional Cancer Center is the single large employer creating approximately 100 jobs.

3.2 Inventory of Built Commercial Space

The City of Lacey has an estimated inventory of 3.6 million square feet of built commercial space with nearly 2.2 million square feet occupied by retail establishments plus 240,000 square feet of vacant commercial space. The remainder of Lacey's built commercial space is summarized below. Wahlstrom & Associates collected the estimates of built commercial space by walking and driving every commercial area of the City.

- 222,000 square feet occupied by full-service restaurants, pizza, take-out, and fast food establishments;
- 220,000 square feet occupied by visitor lodging facilities;
- 178,000 square feet occupied by self-storage;
- 128,000 square feet occupied by arcades, cinemas, fitness clubs, and a small casino;

• 125,000 square feet occupied by business and professional service establishments that offer storefront services such as tax preparation and investment assistance.

There are 240,000 square feet of vacant space that could be occupied by retail establishments. The 8.2 percent vacancy rate includes a former Albertson's supermarket and five other large spaces that collectively account for 135,000 square feet of Lacey's commercial vacancies. Another 58 commercial vacancies average 1,800 square feet in size.

The built space data are displayed in Appendix Table A-9, and are organized and sorted into five subareas as described below.

Hawks Prairie District

The Hawks Prairie District extends across I-5 to include Cabela's and the new business space being developed in that area. But the majority of the 1.24 million square feet of commercial space have been developed along the Marvin Road corridor that extends from I-5 to Martin Way.

The corridor functions as Lacey's primary commercial area anchored by Home Depot, Costco, the Wal-Mart Supercenter and Best Buy. These large retailers are well positioned to capture the spending among regional customers, although there are competitive stores elsewhere in Lacey, Tumwater and Olympia. The corridor also attracts local residents who shop at Safeway, use the L.A. Fitness Center or patronize the local, small local casino. The Harley-Davidson dealer has a lock on the local motorcycle sales market given that the nearest competition is in Fife. Other significant uses along the Marvin Road corridor include:

- The Best Western and Days Inn, which bring visitors to the area;
- Between 15 and 20 restaurants and fast food establishments;
- Nearly 15 commercial banks and check cashing establishments;
- Three schools and child care facilities.

The Hawks Prairie District has 22,000 square feet of vacant commercial space, accounting for a 2.2 percent vacancy rate. The area includes seven vacant commercial spaces with an average size of 3,000 square feet are available for new tenants. The largest vacant space in the corridor is 5,400 square feet.

Martin Way Corridor

The Martin Way corridor that extends between Carpenter Road and the College Street intersection where the Lacey City limits are contiguous with Olympia's City limits is bifurcated by I-5 with on-ramps, off-ramps and a Park & Ride lot located along Martin Way. The corridor includes 192,000 square feet of occupied retail space that is anchored by the Regal IMAX theatre, the Burlington Coat Factory and Shopko, all of which are located within the Martin Village Shopping Center. Vacancies include one large 27,000-square-foot space within the Martin Village Shopping Center, and three other vacant spaces scattered along the corridor that average size of less than 3,000 square feet in size. The Martin Way corridor has a 12.9 percent vacancy rate.

A cluster of visitor lodging facilities is the corridor's other significant feature. The Comfort Inn, La Quinta, Quality Inn, and Super 8 have all established facilities that accommodate overnight visitors and help retain visitor spending within the area.

Woodland District

The Woodland District is a large, square-shaped area that is bounded on the north by Interstate 5, on the east by the Olympia City Limits, on the south by Pacific Avenue and Lacey Boulevard, and by College Street on the west. The area includes 872,000 square feet of built business space plus additional pure office space located between College and Golf Club Road.

Nearly 70 percent of the 573,100 square feet Woodland District's occupied commercial retail space is located within the South Sound Shopping Center, which is anchored by Kohl's, Marshalls, Sears, Target, and Michaels Crafts. Other Woodland District retail stores that occupy more than 10,000 square feet of space include Fred Meyer, PETSMART, Rite Aide, Tuesday Morning and Office Depot. Forty-nine smaller retailers that occupy and average of 2,300 square feet per store that absorbs the remaining 114,000 square feet of the Woodland District's commercial retail space.

The Woodland District has also attracted 38 full-service restaurants, fast food, and food take-out establishments that occupy nearly 50,000 square feet of space. Tax preparers, accountants, investment advisors, and other professional establishments that serve the general public occupy 39,000 square feet. Commercial banks and other lending establishments occupy 37,000 square feet, and visitor lodging occupies 32,000 square feet.

Twenty-five commercial vacancies comprise 71,000 square feet that could be occupied by retail establishments. The vacant space includes a large 24,000-square-foot vacancy in the South Sound shopping center, an 11,000-square-foot former supermarket, and a scattering of 23 smaller vacancies that average less than 1,300 square feet. The Woodland District has a 9.5 percent vacancy rate. Property owners and realtors often have a challenging time finding tenants to occupy the small spaces.

The Woodland District also includes a large inventory of pure office space, much of which was occupied by State government agencies. The State relocated many offices during the past few years leaving the Woodland District with 240,000 square feet of vacant office space. The data enclosed in this report does not estimate the supply of built office space, nor does it update the supply of vacant office space in the Woodland District or elsewhere in the City.

Pacific Avenue Corridor (Between College and Carpenter)

The Pacific Avenue corridor (west of College Street) is a mixed-use area with 578,000 square feet of built commercial space and 106,000 square feet of space occupied by retail establishments. A 42,000-square-foot Safeway supermarket located at the intersection of Pacific Avenue and Carpenter Road is the area's sole large retail establishment.

Other significant uses that have located along the Pacific Avenue corridor include 125,000 square feet of self-storage; nearly 66,000 square feet of business and professional

¹² Data collected from the Woodland District Strategic Plan. 2014

service establishments; 39,000 square feet of fitness clubs and exercise studios; and 35,000 square feet of restaurants, fast food, and take-out food establishments.

Approximately 100,000 square feet of commercial space along the Pacific Avenue corridor are vacant, which translates into a 27.5 percent vacancy rate. The vacant space includes a 42,000-square-foot former supermarket that has been boarded up for a number of years, which conveys an appearance of blight and deterioration that discourages successful retail attraction efforts. An additional sixteen vacant spaces averaging 3,500 square feet account for the remaining 58,000 square feet of vacant space.

College and Yelm Highway Intersection

The College Street and Yelm Highway intersection is comprised of three shopping centers, one at each of three corners of the intersection, with the Capitol City Golf Club located at the fourth corner. Approximately 439,000 square feet of commercial space have been developed in this area, including 324,000 square feet of retail shopping space. The area also includes 32,000 square feet of restaurant, fast food, and food take-out places. In addition:

- A new mixed-use development anchored by a 140,000-square-foot Lowe's Home Improvement Store is located at the northwest corner of the intersection;
- A Safeway-anchored shopping center is located at the northeast corner of the intersection, and a new Wal-Mart Neighborhood Store-anchored shopping center is being developed along Yelm Highway immediately east of the Safeway center;
- An established shopping center anchored by QFC and Rite Aide is located on the southwest corner of the intersection.

The area includes nine vacant spaces that average less than 1,500 square feet. The 13,200 square feet of vacant space translates into a very low 3.2 percent vacancy rate.

3.3 Employment by Industry in Lacey and the Region

Appendix Table A-10 displays detailed employment by industry data for the City of Lacey, the Lacey market area and Thurston County. The information describes jobs that are located within each jurisdiction piecing by together a variety of data sources, including InfoUSA, the Thurston Regional Planning Council, the Washington Employment Security Department, and the City of Lacey. Below are some observations about the detailed employment by industry data.

- Lacey's private and public sector employers generate 16,900 jobs;
- Lacey captures 12 percent of Thurston County's manufacturing employment, which is less than Lacey's 19 percent share of total County employment. Also noteworthy is that manufacturing employment is very low in both Lacey and Thurston County (2 percent) while manufacturing accounts for 10 percent of the State's total job base;
- Food, beverage, and furniture manufacturing account for 220 of Lacey's 330 manufacturing jobs;

¹³ Lacey market area includes zip codes 98503, 98513 and 98516.

- Lacey captured 29 percent of Thurston County's wholesale trade employment and 25 percent of the County's retail employment. Retail trade is a significantly larger share of Lacey's economy (17 percent of all jobs) than it is in Thurston County or the entire State;
- Lacey captured 38 percent of Thurston County's information sector employment, which includes broadcasting, telecommunications, and data processing;
- Approximately 36 percent of Thurston County's finance jobs are located in Lacey;
- Health care employment comprises 5 percent of Lacey's job base compared to
 13 percent of Thurston County's job base. Lacey's under-representation of health care services may be caused by the lack of hospitals and residential care facilities in the City;
- Lacey has captured 25 percent of Thurston County's food services employment and 31 percent of personal and repair services employment;
- Lacey's economy is heavily weighted by government employment that accounts for 30 percent of all jobs, to be expected given the City's proximity to the State Capital.

Figure 3 below shows employment by industry in Lacey compared to Thurston County and the State of Washington in 2013. The baseline information combines the InfoUSA data of private businesses located within the City Limits with the government employment data published by the Thurston Regional Planning Council.

Figure 3 - Employment by Industry in Lacey, Thurston County, Region, and Washington State, 2013

Industry Sector	Lacey	% Total	Thurston	% Total	Washington	% Total
Construction	600	3%	3,280	3%	128,170	5%
Manufacturing	330	2%	2,680	3%	279,570	10%
Wholesale trade	640	4%	2,220	2%	121,890	4%
Retail trade	2,900	17%	11,710	12%	313,260	11%
Transportation & warehousing	170	1%	1,400	1%	81,820	3%
Information	1,140	7%	2,070	2%	103,890	4%
Finance & insurance	800	5%	2,520	3%	89,210	3%
Real estate & rental & leasing	210	1%	1,030	1%	43,290	2%
Professional, scientific & technical services	740	4%	4,980	5%	169,840	6%
Management of companies & enterprises	4	0%	230	0%	38,460	1%
Admin, support, waste mgt, remediation services	370	2%	2,330	2%	135,970	5%
Educational services	570	3%	1,610	2%	37,940	1%
Health care and social assistance	920	5%	13,090	13%	331,330	12%
Arts, entertainment & recreation	350	2%	2,550	3%	43,420	2%
Accommodation & food services	1,840	11%	7,940	8%	224,340	8%
Other Private services	170	1%	3,960	4%	129,570	5%
Government	5,150	30%	36,480	36%	518,950	19%
Totals	16,900		100,080		2,790,920	

Data Sources: U.S. County Business Patterns; InfoUSA; Thurston Regional Planning Council; Washington State Employment Security Department and the City of Lacey Analysis: Wahlstrom & Associates

3.4 Employment Growth Trends

A review and analysis of past employment trends is a common method used to anticipate future growth and economic development opportunities.¹⁴ However, the national economy has been on a boom and bust roller coaster since the turn of the century, which means that an analysis of the long-term growth trends will yield limited information about future economic development opportunities. Instead, the growth trends data are segmented into three time blocks, consistent

¹⁴ Appendix Tables A-II to A-I5 summarize the employment growth trends in the State, region, County, and the Lacey market area between 2001 and 2013.

with the state and national economic boom and bust cycles as described below. U.S. County Business Patterns is the data source for the information below.

Post Dot-Com Bust (2001 – 2007)

The dot-com bubble, also referred to as the information technology bubble, was an historic financial event that occurred between 1997–2000 and climaxed with the NASDAQ closing at 5,049, a value that did not recover until this year (2015). The Internet boom that collapsed by early 2001 left the national and State economies with a loss of wealth, and halted steady income gains that households experienced during the 1990s, reflected in Figure 4 below.

Lacey Market
Area (I)

Thurston
County

3.7%

I-5 Corridor
Region (2)

Washington
(State)

1.6%

Figure 4 – Annual Growth Rates of Private Sector Employment Trends in Lacey and the Region, 2001 – 2007

Data Source: U.S. County Business Patterns

Notes: (1) Lacey market area includes zip codes 98503, 98513 and 98516

(2) I-5 corridor region includes the Counties of Thurston, Pierce and Lewis

The dot-com bust continued through 2003 but the economy slowly recovered through 2007 with nearly 230,000 new jobs added to Washington State's economy. During the seven-year period after 2001, Washington State's economy expanded at a rather anemic 1.6 percent annual growth rate. In comparison, the three I-5 corridor counties expanded employment at a much more robust 3.3 percent growth rate. Thurston County employment expanded at a 3.7 percent annual growth rate.

Employment within the Lacey market area was booming during this time period, expanding at a 7.4 percent annual growth rate. Between 2001 and 2007 nearly 1,700 new jobs were added to Lacey's retail trade sector, more than 900 jobs were added to health care, and more than 700 jobs were added to the accommodation and food services sector.

Great Recession (2007 – 2010)

The great recession led to the loss of 8.7 million U.S. jobs, which resulted in a 10 percent unemployment rate and a 5.1 percent contraction of the national GDP. The recession also collapsed incomes by nearly \$3,900 per household, which all but wiped out income gains made between 1996 and 2010. Figure 5 below shows the impact on employment in the Lacey area during this time period.

Lacey Market Area (I)

-0.9%

Thurston County

-1.3%

I-5 Corridor Region (2)

-3.0%

Figure 5 – Annual Growth Rates of Private Sector Employment Trends in Lacey and the Region, 2007-2010

Data Source: U.S. County Business Patterns

Washington (State)

Notes: (I) Lacey market area includes zip codes 98503, 98513 and 98516

(2) I-5 corridor region includes the Counties of Thurston, Pierce and Lewis

-2.4%

Approximately 172,000 jobs were lost in the State of Washington during this three-year time period, which amounted to a 2.4 percent annual rate of job loss. The construction industry accounted for the loss of nearly 58,000 jobs. The other hard hit sectors included manufacturing (33,700 jobs lost), health care (27,800 jobs lost), administrative support (27,400 jobs lost), retail (24,200 jobs lost) and finance (23,200 jobs).

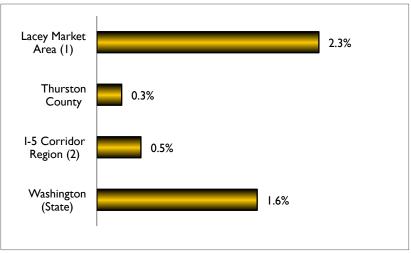
The great recession had less adverse impacts on Thurston County relative to the State and nation. Thurston County lost approximately 2,600 private sector jobs between 2007 and 2010, which amounted to softer a 1.3 percent annual rate of decline. The construction industry accounted for nearly 60 percent of Thurston County's lost jobs. Manufacturing lost more than 600 jobs; corporate management lost 560 jobs; and arts, entertainment and recreation lost 460 jobs. The remaining job losses were spread throughout other industry sectors.

The Lacey market area suffered a net loss of 500 jobs during the great recession years and the rate of job loss was less than 1 percent per year. The largest losses occurred in management (470 jobs lost), construction (350 jobs lost), retail (250 jobs lost) and administrative support (200 jobs lost). The job losses were counterbalance by job gains in other services (290 new jobs); health care (280 jobs); professional and technical services (200 jobs); and arts, entertainment, and recreation (140 jobs).

Post Recession Recovery (2010 ongoing)

The Washington State economy added 116,000 new private sector jobs between 2010 and 2013, which amounts to a 1.6 percent annual growth rate. The largest gains were among the professional and business service sector (32,900 jobs), manufacturing (26,000 jobs), and lodging and food services (16,900 jobs). Washington State's construction industry continued to loose 3,000 jobs while the remainder of the economy rebounded.

Figure 6 – Annual Growth Rates of Private Sector Employment Trends in Lacey and the Region, 2010 – 2013



Data Source: U.S. County Business Patterns

Notes: (I) Lacey market area includes zip codes 98503, 98513 and 98516

(2) I-5 corridor region includes the Counties of Thurston, Pierce and Lewis

Thurston County's economy remained relatively stagnant with 480 new jobs added between 2010 and 2013. Job losses occurred in the administrative and support services sector (845 job lost), other services (460), and professional services (410). The 1,600 new health care jobs was the primary driver of Thurston County's job gains.

The Lacey market area added nearly 1,400 new jobs since 2010, which more than tripled the new jobs generated in Thurston County. Essentially, Lacey added jobs at a 2.3 percent annual growth rate while the remainder of Thurston County lost jobs. Lacey's largest job gains were in information services (680 new jobs), lodging and food services (460), wholesale (330), administrative support (250), and manufacturing (240).

4. EMPLOYMENT AND LAND DEMAND PROJECTIONS

The employment and land demand projections in this report build upon the projections published by the State of Washington, and have been adjusted to account for Lacey and Thurston County's strong growth trends relative to the State. Lacey's private and public sector employers employed 16,900 workers in 2013, which is a healthy number of jobs for 17,900 households established within the City limits. Essentially, Lacey attracts more commuting workers into the City versus Lacey residents that counter-commute to work outside of city limits. Below are some additional observations about Lacey's economic base.

- Lacey's economy is reliant on public sector employment that generates 30 percent of the jobs in the City. The high percentage of public sector employment is to be expected given the City's proximity to the State capital;
- Retail trade is a larger share of Lacey's economy (17 percent of all jobs) than it is in Thurston County or the entire State (12 and 11 percent respectively);
- Health care employment is under-represented, accounting for 5 percent of Lacey's employment compared to 13 percent of Thurston County's job base;
- In Lacey and Thurston County, the manufacturing sector accounts for 2 percent of all jobs, while manufacturing accounts for 10 percent of the State's total job base.

4.1 Employment by Industry Projections

Based on the employment projections displayed in Figure 7, Lacey can anticipate that 13,700 new jobs will be added to the City's economy by 2035. This means that on average, Lacey's economy should expand by 620 jobs per year, although future growth will include time periods of strong economic growth and other time periods where growth is stagnant or in decline.

The projections methodology is based on assumptions that the Washington State Employment Security Department projections are accurate; that Lacey's economy will continue to expand more rapidly than the State; and that retail employment will expand consistent with the Thurston Regional Planning Council's population growth rates for the Lacey UGA. Projections after 2023 do not account for external events such as unanticipated wars, natural disasters, financial upheavals, or significant technological changes.

The industry sectors that are anticipated to generate the largest number of new jobs in Lacey are described below.

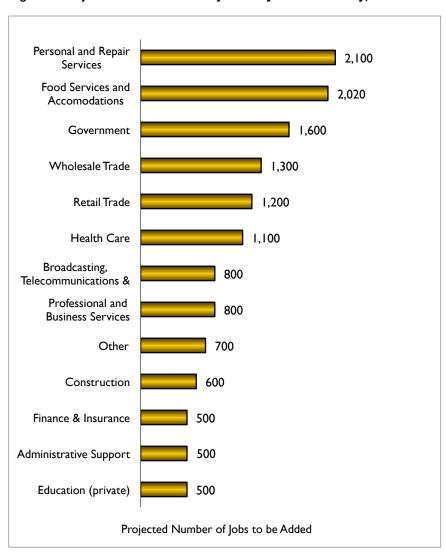
 Approximately 2,100 new low-wage paying personal and repair service jobs likely will be added to Lacey's economy by 2035, which amounts to 100 new jobs per year;

¹⁵ See 2014 Employment Projections published by the Washington State Employment Security Department.

¹⁶ Appendix Table A-16 provides employment projections for the City of Lacey from 2013 to 2035.

- The food services and lodging sectors are projected to add 2,000 new jobs by 2035, or 190 new jobs per year;
- Public sector employment should add 1,600 new jobs by 2035, despite the on-going budget cuts and struggles for public sector resources. The projected growth of 70 new jobs per year includes all levels of federal, state, and local government including the public schools;
- Wholesale trade establishments that take advantage of Lacey's excellent I-5 location are expected to add 1,300 new jobs by 2035, or 60 new jobs per year;
- Retail establishments that serve an expanding number of people and households in the Lacey area likely will add 1,200 new jobs by 2035, 50 jobs per year;
- If Lacey can capture a larger share of the regional health care employment, health care services can be expected to add another 1,100 jobs;
- Professional and technical services are expected to add 800 new jobs;
- The information sector, which includes broadcasting, telecommunications, and data processing, should add 800 new jobs.

Figure 7. Projection of Job Growth by Industry Sector in Lacey, 2013 to 2035



4.2 Land Demand Projections

Estimates of the demand for new business space, including the amount of land that Lacey should reserve for future business use, flow directly from the employment by industry projections. The resulting land demand projections use information published by the Urban Land Institute to sort and convert employment by industry data into employment by land-use categories. Employment density data published by the National Association of Office and Industrial Parks estimate the projected land demand consistent with land use descriptions below.

- Retail establishments, personal service providers and other establishments that need ground floor commercial space for walk in customers;
- Office and business park space, which may be single- or multi-story buildings;
- Research and development flex space, which most attractive to technology and start-up businesses;
- Manufacturing and industrial space that can vary in quality and the amount of space dedicated to outdoor storage;
- Warehouse and storage space with large open areas and possible outdoor uses;
- Institutions that include City Hall, hospital complexes, and similar facilities.

Figure 8 below converts the data on Lacey's 16,670 employees into land-use categories that occupy 6.97 million square feet of space. The allocation of employment by land use is summarized below.

- Nearly 5,800 employees occupy 2.89 million square feet of ground floor commercial space;
- About 4,600 employees occupy 1.37 million square feet of formal office or business park space, much of which is located in the Woodland District;
- Approximately 2,400 workers occupy 1.9 million square feet of warehouse, industrial, and flex space, most of which is located in the Hawks Prairie area;
- About 3,200 employees work in 800,000 square feet of institutional space, which
 includes land uses such as City Hall, St. Martin's University, public schools and
 hospital complexes;
- 700 jobs are located in open space areas that include golf courses, outdoor recreational establishments, landscaping and garden establishments, and other business establishments with small buildings and with a large percentage of their sites used for outdoor storage.

Figure 8 - Employment by Land Use in the City of Lacey, 2013

Building Type	Employment by Building Type	Building S.F. per Employee (1)	Total SF	FAR (I)	Acreage
Ground Floor Commercial Space	5,780	500	2,890,000	0.25	265
Office or Business Park Space	4,570	300	1,371,000	0.40	79
R&D /Flex Space	160	400	64,000	0.35	4
Manufacturing/Industrial	1,870	800	1,496,000	0.25	137
Warehouse & Storage	390	900	351,000	0.15	54
Institutions (2)	3,200	250	800,000	0.50	37
Outdoor Uses with No Buildings	700				
Totals	16,670	440	6,972,000		576

Data Sources: U.S. County Business Patterns; InfoUSA; Thurston Regional Planning Council; Washington State Employment Security Department; Urban Land Institute; National Association of Office and Industrial Parks

Analysis: Wahlstrom & Associates

Note: (1) Floor Area Ratio (FAR) and building square footage per employee are assumed based on research in other similar communities

(2) Includes schools, hospitals, and other institutions

The projections of new demand for business space and land that should be reserved for growth through 2035 are based on the previously described employment by industry projections, which anticipate that 13,700 new jobs will be added to Lacey's economy during the next 20 years. Accommodating these workers will require almost 6 million square feet of new space by the year 2035, assuming that Lacey continues to outperform the regional and state economy, that the area is not hit by unexpected financial or natural disasters, and that growth is not constrained by a lack of buildable land. Given these assumptions, the demand for land and built space that Lacey can anticipate through 2035 is summarized below, with detailed data provided in Appendix Table A-17.

- The City can expect to absorb an additional 2.8 million square feet of new ground floor commercial space, of which may have already be developed as of mid-2015, as the baseline data are from 2013;
- An additional 850,000 square feet of new office and business park space will be needed for business uses:
- Nearly 1.5 million square feet of industrial and flex space will be in demand, which should be sufficient to absorb 270,000 square feet of warehouse and storage space.

5. RETAIL LEAKAGE ANALYSIS

The City of Lacey's fiscal resources are highly dependent on sales tax revenues, and Lacey is working hard to attract new stores, encourage new shopping center investment, and transform underperforming sites into more desirable destinations for people. The retail leakage analysis will inform City staff, community leaders, and stakeholders about Lacey's market potential to attract new commercial businesses. The analysis will also provide the Comprehensive Plan update with important information about the opportunities to attract and expand commercial services.

5.1 Inventory of Occupied Retail Space

Retail establishments occupy approximately 2.2 million square feet of built commercial space. The most significant retail sectors are summarized below with detailed information found in Table A-18 of Appendix A.¹⁷ Data were collected by Wahlstrom & Associates by walking and driving each commercial area in the City.

- Costco, Target, the Wal-Mart Supercenter, Shopko, and Sears occupy nearly
 700,000 square feet, accounting for one-third of Lacey's occupied retail space;
- Home Depot, Lowes, and other building material stores have absorbed 274,000 square feet of space;
- Food and beverage stores anchored by Safeway, QFC, and the Wal-Mart Neighborhood Center absorb 270,000 square feet. This does not include Costco where food products account for 54 percent of sales, nor does it include the Wal-Mart Supercenter where food products account for 56 percent of all sales;¹⁸
- Sporting goods, hobby, and toys and game stores anchored by Cabela's and Michaels Crafts absorb nearly 245,000 square feet of space;
- Burlington Coat Factory, Kohl's, Marshalls, and a few small independent apparel retailers occupy 145,000 square feet of space.

5.2 Retail Sales Earnings

Nearly every brand name national and regional chain has established a Lacey store location. The Wal-Mart Supercenter, Cabela's, Wal-Mart, Safeway (Yelm Highway), Costco, Fred Meyer, Lowe's, Sears, Home Depot and Best Buy all generate more than \$30 million of sales per year. Shopko, the Wal-Mart Neighborhood Center, Harley-Davidson, Burlington Coat Factory, QFC, PETSMART, Kohl's, Marshalls and Walgreens generate between \$8 million and \$30 million of sales. This leaves Lacey with 65 retail establishments that generate between \$1 million and \$8 million of sales with between 5 and 35 employees each. The remaining 64 smaller retail establishments, most of which are locally owned generate less than \$1 million per

¹⁷ Appendix Table A-18 provides an inventory of occupied retail space in Lacey by commercial district.

¹⁸ See Wal-Mart and Costco 2014 10K reports submitted to the Security and Exchange Commission.

year of sales revenue.¹⁹ In total, Lacey's retail establishments earn \$874 million of sales, not including sales from restaurants, bars, fast food, or wholesale establishments engaged in business-to-business transactions.

Ninety percent of the sales information was collected from InfoUSA. In cases where Info USA withholds data for reasons of confidentiality, Wahlstrom & Associates estimated sales earnings using 10K reports that public corporations are required to submit to the Securities and Exchange Commission. Below is a summary of the sales performance among Lacey's key retail sectors.

- Food store sales account for \$301.7 million or nearly one-third of the City's total retail. This figure includes the sales earned by three Safeway stores, a QFC, a Fred Meyer, the Wal-Mart Neighborhood Center, and eleven other small grocery and convenience stores. Estimated sales also accounts for food sales from Costco and the Wal-Mart Supercenter;
- Home Depot, Lowe's, and other building materials stores earn approximately \$133 million of sales;
- General merchandise stores that generate \$131 million of sales include Target,
 Big Lots, and Dollar Tree. The Wal-Mart Supercenter and Costco also earn between
 40 and 50 percent of their sales from general merchandise items;
- Cabela's and 14 other sporting goods, hobby, toy, and game stores earn \$89 million of sales;
- The Burlington Coat Factory, Kohl's, Marshalls, and smaller stores earn \$51 million of sales.

5.3 Net Spending Leakages

Lacey's 148 retail establishments anchored by anchored by a wide variety of national and regional chain stores earn approximately \$885 million of sales from customers that reside throughout Thurston County and from the neighboring I-5 corridor communities in Pierce and Lewis County. Essentially, Lacey's retail establishments earn far more sales than can be supported by the residents of Lacey. With the exception of Safeway and Lowe's, the anchor stores are located near the Marvin Road interchange, the Martin Way interchange or the Sleater-Kinney interchange with easy access to Interstate 5.

The Lacey market area that extends into unincorporated Thurston County includes 21,100 households. The City of Lacey has 18,500 households that earn an average income of \$68,200, which translates into a total earned income of \$1.26 billion. Household spending estimates are based on the 21,100 households in the market area. They are derived from consumer spending surveys published by the U.S. Bureau of Labor Statistics combined with the 2013 Census of Retail Trade data to convert spending on products into spending by specific types of retail stores. Figure 9 below shows how Lacey's household income is allocated.

¹⁹ Source: InfoUSA and corporate 10K reports.

²⁰ The market area includes the City of Lacey and the surrounding unincorporated areas of Thurston County defined as census tracts: 112, 113, 114, 115, 116 and 123.

- \$151.4 million is spent at food retail stores not including eating out establishments;
- \$64.4 million is spent at restaurants, bars, fast food and other food take out establishments:
- \$66.8 million is spent to purchase various types of motor vehicle;
- \$185.8 million is spent at retail stores or on Internet sales for a wide variety of consumer items;
- The remaining expenditures are on housing (\$428 million), transportation (\$133 million), health care (\$77 million), entertainment \$71 million, and a handful of other sectors.

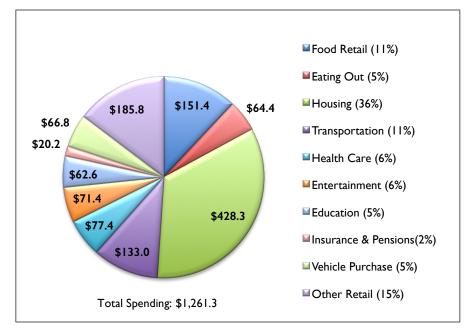


Figure 9 - Lacey Household Expenditures Before Taxes, 2015

Note: Spending in \$Millions

Figure 10 below provides detailed information about net spending leakages and the level of net regional capture of sales among certain store types in Lacey. The net calculations recognize that we live in a dynamic regional economy with large movements of people and goods around Lacey, Olympia, Thurston, DuPont, Tacoma and other smaller communities.

Essentially, \$62.5 million of new and used automobile spending is leaking out of Lacey along with \$26.6 million of spending at gas stations or travel centers. However, no other significant spending leakages are available to be captured. In contrast, sales earned by Lacey's retail establishments greatly exceed the \$370 million of the available consumer spending within the Lacey market area. Below is a summary of the net regional spending being captured by Lacey's retail establishments.

- Electronics stores anchored by Best Buy capture \$26.6 million of regional spending:
- Building materials stores anchored by Lowe's and Home Depot capture more than \$70 million of regional spending;

- Seven supermarkets capture \$144 million of regional spending;
- Sixteen clothing stores anchored by Kohl's, Marshalls, and Burlington Coat Factory capture \$23.9 million of regional sales;
- Sporting goods stores anchored by Cabela's capture \$70.9 million of regional spending;
- General merchandise stores anchored by Costco and Wal-Mart capture nearly \$190 million of regional sales.

Figure 10 – Spending by Lacey Area Households Compared to Sales Captured by Lacey's Retail Establishments, 2015

Store Category	Household Spending (1)	Sales Earned (2)	Spending Leakages (3)	Regional Capture (4)
Automotive Group	Spending (1)	(2)	Leakages (3)	Capture (4)
Automobile Dealers	\$62,480,000	\$0	\$62,480,000	\$0
Other Motor Vehicle Dealers	\$4,284,000	\$21,895,000	\$0	\$17,611,000
Auto parts & Tire Shops	\$7,227,000	\$16,887,000	\$0	\$9,660,000
Furniture & Home Furnishings				
Furniture Stores	\$4,464,000	\$11,860,000	\$0	\$7,396,000
Home Furnishings	\$3,799,000	\$3,323,000	\$476,000	\$0
Electronics & Appliance Stores				
Household Appliance	\$1,399,000	\$1,638,000	\$0	\$239,000
Consumer Electronics & Software	\$8,011,000	\$34,565,000	\$0	\$26,554,000
Building Materials				
Home Centers	\$11,729,000	\$64,732,200	\$0	\$53,003,200
Paint & Wallpaper	\$762,000	\$2,262,000	\$0	\$1,500,000
Hardware	\$1,805,000	\$2,209,000	\$0	\$404,000
Other Building Materials	\$10,167,000	\$30,715,000	\$0	\$20,548,000
Nursery, Garden Center & Farm Supply	\$740,000	\$0	\$0	\$(
Food & Beverage Stores	. ,			
Supermarkets & Other Grocery	\$46,495,000	\$190,872,000	\$0	\$144,377,000
Convenience	\$2,368,000	\$17,574,000	\$0	\$15,206,000
Specialty Food	\$1,823,000	\$0	\$1,823,000	\$(
Beer, Wine & Liquor	\$3,945,000	\$2,026,000	\$1,919,000	\$(
Health & Personal Care Stores	. , ,		. , ,	
Pharmacies & Drug	\$20,817,000	\$24,082,000	\$0	\$3,265,000
Cosmetics, Beauty Supplies & Perfume	\$1,229,000	\$0	\$1,229,000	\$(
Optical Goods	\$958,000	\$3,606,000	\$0	\$2,648,000
All Other Health	\$1,626,000	\$516,000	\$1,110,000	\$(
Gasoline Stations				\$(
Gasoline stations with Convenience Stores	\$42,451,000	\$15,869,000	\$26,582,000	
Clothing & Accessories Stores				
Clothing	\$14,869,000	\$38,739,000	\$0	\$23,870,000
Shoe	\$2,475,000	\$7,555,000	\$0	\$5,080,000
Jewelry	\$2,501,000	\$4,443,000	\$0	\$1,942,000
Luggage & Leather Goods	\$186,000	\$0	\$186,000	\$(
Sporting Goods, Hobby, Book & Music Sto	ores			
Sporting Goods	\$3,662,000	\$74,586,000	\$0	\$70,924,000
Hobby, Toy & Game	\$1,636,000	\$6,751,000	\$0	\$5,115,000
Sewing, Needlework & Piece Goods	\$1,089,000	\$0	\$1,089,000	\$0
Musical Instruments & Supplies	\$1,524,000	\$649,000	\$875,000	\$0
Book & Music	\$1,467,000	\$852,000	\$615,000	\$(
General Merchandise				
Department Stores (not discount)	\$11,451,000	\$69,698,000	\$0	\$58,247,000
Warehouse Clubs & Superstores	\$34,724,000	\$121,215,600	\$0	\$86,491,600
Other General Merchandise	\$10,940,000	\$54,385,000	\$0	\$43,445,000

Figure 10 continued

Miscellaneous Stores				
Florists	\$678,000	\$1,137,000	\$0	\$459,000
Office Supplies & Stationary	\$1,896,000	\$7,905,000	\$0	\$6,009,000
Gift, Novelty & Souvenir	\$1,395,000	\$1,978,000	\$0	\$583,000
Used Merchandise	\$1,198,000	\$6,059,000	\$0	\$4,861,000
Pet Supplies	\$1,231,000	\$19,783,000	\$0	\$18,552,000
Other	\$4,098,000	\$2,127,000	\$0	\$0
Non-Store Retailers and Internet sales				
Non-Store Retailers and Internet sales	\$33,040,000		\$0	\$0
Total	\$368,639,000	\$862,493,800		

Data Sources: Bureau of Labor Statistics Household Spending Surveys, U.S. Census of Retail Trade, InfoUSA and Corporate 10k reports

Analysis: Wahlstrom & Associates

Notes: Column (I) Measures total consumer spending by store type among Lacey area residents that live in census tracts: 112, 113, 114, 115, 116 and 123

Column (2) Utilizes data from InfoUSA and Corporate 10K reports

Column (3) Measures Net Spending Leakages by Store Type

Column (4) Measures the Net Amount of Sales Captured by Lacey retailers among Consumers that live outside of the Lacey market area

6. ECONOMIC DEVELOPMENT OPPORTUNITIES

Lacey's economic development opportunities are primarily constrained by the lack of manufacturing establishments throughout Thurston County. Manufacturing activities, many of which are driven by technological innovation, attract investors and entrepreneurs who generate strong economic and employment multipliers through value-added activities. Instead, Thurston County's economy is heavily skewed toward government employment, which is to be expected given the State Capitol's location in Olympia. The remaining sectors of Thurston County's economy look very similar to the State of Washington with the barriers to growth directly related to the performance of the national and state economy.

Lacey's balanced economy has captured exactly 17.2 percent of Thurston County's jobs and housing units within the City limits, which means that the City has a perfect one to one jobs/housing ratio with no net commute to employment centers elsewhere. Unfortunately, the strong components of Lacey's economy that are listed below generate a high percentage of low-wage jobs.

- Fifty-five percent of Thurston County's information sector jobs are located in Lacey. This sector is anchored by a single call center that employs approximately 1,000 workers.²¹
- Lacey has captured 28 percent of Thurston County's wholesale trade jobs, which take advantage of the community's excellent I-5 access.
- Lacey has become a regional shopping destination that has captured 25 percent of the County's retail jobs.
- Chain store restaurants combined with independent ethnic restaurants have become regional destinations that allow Lacey to capture 23 percent of Thurston County's food service and accommodations jobs.

Health care and government are two relatively weak economic sectors that pay relatively good wages but capture employment shares that are significantly below the 17.2 percent of total Thurston County jobs captured in Lacey. Only 7 percent of the County's health care jobs, and only 14 percent of government jobs are located in Lacey. A smaller share of total government employment makes sense given that Olympia is the State capital and the principal location for State government jobs.

²¹ The information sector includes establishments engaged in producing, distributing, transmitting, or processing data. Information establishments include traditional publishing and publishing exclusively on the Internet; the motion picture and sound recording industries; the broadcasting industries; telecommunications industries; web search portals, data processing industries, and the information services industries.

6.1 Opportunities and Barriers to Lease and Start a New Business in Lacey

The City of Lacey has earned a reputation of being easy to work with and supportive of more business activity. Landowners, businesses, and developers that were interviewed consistently complimented the business climate and friendly regulatory environment created by City Staff and elected officials.

Instead of regulatory constraints, Lacey's barriers to growth are subtle, complex, and directly related to the absence of a downtown or a central gathering place for people and civic activities. The demographic shifts of recent years have created a large pool of young people who are seeking more walkable urban environments with less dependence on driving. Within that context, the City is working to transform the Woodland District into a smart growth location with a higher density of housing, jobs, and local services that will also attract more residents and commerce. Unfortunately, it may take years to accomplish a successful retrofit of the Woodland District.

One land-use regulation that the City may consider is a change in the 500,000 square foot building size limitation for new development. Fulfillment centers that distribute on-line retail sales—a relatively new real estate product—require a minimum of 1 million square feet of space. Amazon has located a fulfillment center in nearby DuPont and all major corporations are establishing new fulfillment centers to manage on-line sales. Lacey's excellent I-5 access can offer corporations an ideal location for new fulfillment centers serving the Puget Sound region.

6.2 Feasible Commercial Uses for the Existing Building Stock

Lacey has 240,000 square feet of vacant commercial space that could be occupied by retail and other commercial establishments. Six vacancies range in size from 11,000 square feet to 42,000 square feet. In general, the larger vacant spaces are too poorly located to successfully attract region-serving retail, which makes attracting new retailers to the vacant spaces very difficult given the absence of spending leakages. Potential reuses of the larger sites are described below.

The Woodland District has one 11,200 square foot vacancy that was built to be a grocery store but was converted into State offices before becoming vacant. The site has become an obsolete retail space that lacks good access and visibility. The City should consider allowing the site to be redeveloped for housing or a mix of uses that would attract residents to the live within walking distance to other commercial services. The Woodland District has a significant inventory of additional vacant office space that was formerly occupied by the State, but lacks the private sector demand to reuse in the short-term. The supply of vacant office space within the Woodland District is unknown and not included in this market study.



The Woodland District's South Sound Shopping Center includes a 24,000 square foot vacancy that is very difficult to fill because the building depth does not match the needs of prospective tenants. The property owner's ongoing leases with Sears and Target constrain reusing this vacant space, and the owner is not willing to make significant changes to the facility that will increase density and encourage more mixed uses. The City should encourage new investors to acquire and redevelop the entire shopping center for a mix of uses with less land used for parking and more intensive floor area ratios.

A 27,000 square foot vacancy is available in the Martin Village shopping center, which is anchored by Shopko, Burlington Coat Factory and Regal Theaters. Perhaps the vacant space can be subdivided and reused for more arcades, a fun center or a food court, which would enhance the area as a family entertainment destination. Martin Village is a stand-alone commercial center that is not visible to freeway traffic; its poor location is not attractive for corporate retailers that depend on attracting regional customers.

The Lacey Blvd. and Pacific Avenue corridor includes three large vacant spaces described below.

 A 16,100 square foot vacant space is located along Ruddell Road, between Lacey Blvd. and Pacific Ave. A second nearby 14,700 square foot vacant space is located between Lacey Blvd and Pacific Ave, just north of the Lacey traffic circle. The two sites would best be reused for general commercial space because they are not well located to attract regional customers. A vacant 42,000 square foot grocery store located on the corner of Pacific Avenue and
Carpenter Road is the most visible sign of blighted commercial property in Lacey. The lack
of spending leakages leaves this neighborhood-serving site without any obvious uses. The
City should consider allowing the site to be redeveloped for residential or a mix of other
uses.



Another 58 commercial vacancies that account for 135,000 square feet of vacant commercial space average only 1,800 square feet in size. The City should consider partnering with the Chamber or other business groups to organize a local tour that can generate some interest in the vacant spaces from home-based businesses or individuals local looking for new commercial or live-work space. This approach that has been successful elsewhere can inform potential business tenants and entrepreneurs about the existing available vacancies, their assets, and possible uses.

6.3 Business Recruitment Strategies

The City of Lacey should consider alternative approaches to business expansion and recruitment efforts. A typical or "old school" economic development approach is to proactively contact and deliver promotional materials to footloose companies that are seeking business sites. The recruitment effort often includes an offering of business incentives that will reduce the costs of doing business, thereby making a community more attractive as a business location. This approach often places communities in direct competition with each other in a race to the bottom to find locations with the lowest cost of doing business. Below are some alternative approaches the City can consider.

Establish a Business Retention and Expansion Program

The City could focus on assisting locally owned businesses to expand and thrive in the regional economy. Existing research shows that local companies generate much higher economic multipliers than do national chain stores, which quickly transfer their value-added revenue out of the community. A survey and/or site visit could identify specific business expansion barriers that individual establishments must overcome. Potential barriers include lack of business management expertise, marketing and branding deficiencies, lack of access to capital, improved workforce training or other similar barriers. Expanded revenues and the creation of new jobs could be accomplished through a partnership between the City, the Thurston EDC, other non-profits and the business community.

Continue New Smart Growth Initiatives in the Woodland District

The City should continue its efforts to create a more dense and walkable environment that transforms the Woodland District into a desirable place to work, live, and be entertained. A continued focus on new smart growth initiatives may take a long period of time, but has a high likelihood of making Lacey more attractive for the young, creative class.

Create a Website of Available Business Sites

The City's existing website provides no information about sites that may be available for new commercial and industrial business space. Companies seeking sites want as much information as possible in advance of any visit to the area. They want to know about vacant land, zoning, access to infrastructure services, and an inventory of vacant buildings on the market for new business tenants. The City should consider using scarce economic development funding to add this capacity through the City's existing website, or a new economic development website that includes information about sites. This link provides some ideas about what such a service can look like; http://www.gisplanning.com/Products/zoomprospector.html.

Encourage the Creation of a New Commercial Real Estate Area at the Gateway

The City should encourage the Gateway to be developed for commercial retail and other mixed uses. However, successful development will require developing a new real estate product that departs from the big box retail format that was developed along Marvin Road. The City should consider allowing the property owners to develop either a lifestyle center or a factory outlet center within the Gateway District. A lifestyle center mixes retail, entertainment, food and perhaps housing into a walkable commercial area. A factory outlet center could be modeled after the Woodburn Premium Outlets located just south of Portland. A factory outlet center primarily consists of retail stores that offer a product mix and format that is distinctly different from Lacey's established retail stores. If planned and designed properly a new lifestyle of factory outlet center at the Gateway could attract additional regional customers.

APPENDIX A: REPORT TABLES

Table 1 Demographic Trends in the Lacey area and the surrounding region, 2000 to 2014

				Growth		_	nual Growth tes
City of Lacey	2000	2010	2015	2000 to 10	2010 to 14	2000 to 10	2010 to 14
Population	32,280	42,390	46,120	10,110	3,730	2.8%	2.1%
Households	12,910	16,920	18,490	4,010	1,570	2.7%	2.2%
Housing Units	13,580	18,390	19,980	4,810	1,590	3.1%	2.1%
Thurston County							
Population	207,360	252,260	267,950	44,900	15,690	2.0%	1.5%
Households	81,630	100,650	107,580	19,020	6,930	2.1%	1.7%
Housing Units	86,660	108,180	115,210	21,520	7,030	2.2%	1.6%
I-5 Corridor Region [a]							
Population	976,360	1,122,940	1,179,110	146,580	56,170	1.4%	1.2%
Households	368,580	430,310	454,080	61,730	23,770	1.6%	1.4%
Housing Units	393,150	467,610	491,870	74,460	24,260	1.7%	1.3%
Washington							
Population	5,894,120	6,724,540	7,083,350	830,420	358,810	1.3%	1.3%
Households	2,271,400	2,620,080	2,770,330	348,680	150,250	1.4%	1.4%
Housing Units	2,451,070	2,885,680	3,039,620	434,610	153,940	1.6%	1.3%

Data Sources: Claritas, U.S. Census and the American Community Survey Estimates

Analysis: Wahlstrom & Associates
Notes: [a] Includes the Counties of Thurston, Pierce and Lewis
Numbers are rounded

Table 2 Population By Age in Lacey, Thurston County and the surrounding region, 2015

	Age	Age	Age	Age	Age	Total	Average Age
Population Estimates	< 18	18-34	35-54	55-64	65 +		_
City of Lacey	11,470	11,170	11,380	4,850	7,250	46,120	37.9
Thurston County	59,280	60,180	70,110	37,220	41,160	267,950	39.6
I-5 Corridor Region [a]	278,140	275,530	309,940	152,680	162,830	1,179,120	38.3
State of Washington	1,609,250	1,649,650	1,883,950	932,350	1,008,150	7,083,350	38.8
Percent Distribution by Age G	Group						
City of Lacey	25%	24%	25%	11%	16%		
Thurston County	22%	22%	26%	14%	15%		
I-5 Corridor Region [a]	24%	23%	26%	13%	14%		
State of Washington	23%	23%	27%	13%	14%		

Data Sources: Claritas, U.S. Census and the American Community Survey Estimates

Analysis: Wahlstrom & Associates
Notes: [a] Includes the Counties of Thurston, Pierce and Lewis

Numbers are rounded

Table 3 Educational Attainment among the residents of Lacey, Thurston County and the surrounding region (Adults age 25 and older), 2015

	Not HS Graduate	HS Graduate, Some College or Associates Degree	Bachelor's degree	Professional or Advanced Degree	Total
City of Lacey	2,110	19,750	5,660	3,210	30,730
Thurston County	11,930	115,520	34,920	22,330	184,700
I-5 Corridor Region [a]	69,320	523,620	125,150	71,620	789,710
State of Washington	468,970	2,817,760	971,250	546,260	4,804,240
Percent Total					
City of Lacey	7%	64%	18%	10%	
Thurston County	6%	63%	19%	12%	
I-5 Corridor Region [a]	9%	66%	16%	9%	
State of Washington	10%	59%	20%	11%	

Data Source: Claritas and the U.S. Census American Community Service

Analysis: Wahlstrom & Associates

Notes: [a] Includes the Counties of Thurston, Pierce and Lewis

Numbers are rounded

Table 4 Primary Language Spoken at Home among age 5+ persons in Lacey and the surrounding region, 2014

	English	Spanish	Asian	Other	Total
City of Lacey	36,070	1,740	3,530	1,360	42,700
Thurston County	224,000	10,780	11,970	5,140	251,890
I-5 Corridor Region [a]	952,280	61,680	54,150	33,320	1,101,430
State of Washington	5,377,060	558,300	378,840	324,360	6,638,560
Percent Total					
City of Lacey	84%	4%	8%	3%	
Thurston County	89%	4%	5%	2%	
I-5 Corridor Region [a]	86%	6%	5%	3%	
State of Washington	81%	8%	6%	5%	

Data Source: Claritas and the U.S. Census American Community Survey Analysis: Wahlstrom & Associates

Notes: [a] Includes the Counties of Thurston, Pierce and Lewis

Numbers are rounded

Table 5
Labor Force Characteristics in Lacey and the Surrounding Region, 2014

2014	Labor Force	Employed	Unemployed	Unemployment Rate	Not in Labor Force	Labor Force Participation Rate
City of Lacey	18,560	17,170	1,400	7.5%	12,380	60%
Thurston County	123,120	114,940	8,180	6.6%	68,370	64%
I-5 Corridor Region [a]	538,030	499,320	38,710	7.2%	301,050	64%
State of Washington	3,488,180	3,270,360	217,820	6.2%	1,907,930	65%

Data Source: Claritas and the U.S. Census American Community Survey

Analysis: Wahlstrom & Associates

Notes: [a] Includes the Counties of Thurston, Pierce and Lewis

Numbers are rounded

Table 6
Commuter Travel Time to Work in Lacey, Thurston County area and the surrounding region, 2015

Travel Time to Work	< 15 minutes	15 to 30 minutes	30 to 45 minutes	> 45 minutes	Average Travel Time (# of minutes)
City of Lacey	3,800	8,870	3,970	2,130	27
Thurston County	33,240	48,130	23,120	16,070	27
I-5 Corridor Region [a]	123,190	184,770	111,390	95,400	30
State of Washington	836,230	1,160,340	656,950	486,680	28
Percent Total					
City of Lacey	20%	47%	21%	11%	
Thurston County	28%	40%	19%	13%	
I-5 Corridor Region [a]	24%	36%	22%	19%	
State of Washington	27%	37%	21%	15%	

Data Sources: Claritas, U.S. Census and the American Community Survey Estimates

Analysis: Wahlstrom & Associates

Notes: [a] Includes the Counties of Thurston, Pierce and Lewis

Numbers are rounded

Table 7
Average Household Income Trends in
Lacey, Thurston County and Washington State: 2000 - 2015

				Real Income Change	Real Income Change	% change
	2000	2010	2015	2000 - 2010	2010 - 2015	2000 - 2015
Lacey	\$67,700	\$56,100	\$68,220	-\$11,600	\$12,120	1%
Thurston County	\$76,800	\$60,600	\$72,700	-\$16,200	\$12,135	-5%
Washington State	\$80,000	\$63,000	\$78,800	-\$17,000	\$15,844	-1%

Data Sources: Claritas and the U.S. Census American Community Survey

Analysis: Wahlstrom & Associates Notes: Data is not adjusted for inflation

Table 8
Average Household Income and Income Distribution in Lacey, Thurston County area and the surrounding region, 2015

# of Households in each income bracket	< \$35k	\$35 to \$50K	\$50 to \$100K	\$100 to \$150K	> \$150k	Total Households	Average HH Income
City of Lacey	5,180	2,750	6,940	2,650	960	18,480	\$68,220
Thurston County	29,370	14,310	39,410	16,350	8,140	107,580	\$72,700
I-5 Corridor Region [a]	128,850	64,680	159,470	66,040	35,040	454,080	\$72,000
State of Washington	798,960	370,330	889,040	414,810	297,200	2,770,340	\$78,800
Percent Total							
City of Lacey	28%	15%	38%	14%	5%		
Thurston County	27%	13%	37%	15%	8%		
I-5 Corridor Region [a]	28%	14%	35%	15%	8%		
State of Washington	29%	13%	32%	15%	11%		

Data Sources: Claritas, U.S. Census and the American Community Survey Estimates

Analysis: Wahlstrom & Associates

Notes: [a] Includes the Counties of Thurston, Pierce and Lewis

Numbers are rounded

Table A-9 Inventory of Built Commercial Space in the City of Lacey, 2015

	- pass a	, =, ; =					
Type of Use	Hawk's Prairie (1)	Martin Way Between Carpenter & College (2)	Woodland District (3)	Lacey/Pacific Ave Corridor between College & Carpenter (4)	College & Yelm Highway Interchange (5)	Lacey (Total)	% Total Type of Use
Total Occupied Commercial Space	1,17,300	240,200	608,000	258,400	376,200	2,672,600	
Detell (Occurred)	000 700	404 500	F70 400	405.000	202.000	0.450.700	73%
Retail (Occupied) Amusement, Gambling & Recreation	962,700	191,500	573,100	105,800	323,600	2,156,700	
Facilities	43,700	27,000	5,600	39,200	12,600	128,100	5%
Business & Professional Services (located in commercial space)	14,600	1,500	39,000	65,900	4,200	125,200	4%
Full Service Restaurants	51,300	13,400	24,900	23,300	7,600	120,500	4%
Pizza, Fast Food & Food Take-Out Establishments	39,200	4,500	23,600	10,200	25,400	102,900	4%
Personal Care Services	5,800	2,300	14,300	14,000	2,800	39,200	1%
			ı	•	1	1	ı
Vacant Commercial Space	22,300	35,500	71,800	97,800	13,200	240,600	
Vacancy Rates	2.2%	12.9%	9.5%	27.5%	3.4%	8.2%	
% Total Commercial Space by Subarea	39%	9%	26%	12%	13%		
Other Types of Business Space							
Visitor Lodging Facilities	80,200	107,200	32,400	0	0	220,000	
Self Storage	22,600	0	0	125,500	29,700	178,000	
Commercial Banks & Other Lending Establishments	40,000	4,300	37,500	6,700	6,800	95,000	
Schools, Classrooms & Child Care	30,100	3,200	22,900	24,500	0	81,000	
Doctors, Dentists & Other Health Care Offices	18,200	2,100	11,100	26,500	7,900	66,000	
Automobile Repair & Maintenance	5,800	2,700	5,900	17,500	5,500	37,000	
Government Offices	6,7	1,100	9,600	16,300	0	34,000	
Civic & Religious Organizations	1,000	2,100	0	4,400	0	8,000	
Total Built Space	1,243,000	398,000	872,000	578,000	439,000	3,631,000	
% Total Built Space by Subarea	37%	11%	24%	16%	12%		
		l	I	1			

% Total Built Space by Subarea 37% 11% 24% 16%

Source: Wahlstrom & Associates

Notes: 1) Hawks Prairie extends along the Marvin Avenue corridor along both sides of I-5

(2) Corridor includes commercial space within the City Limits

(3) Includes the South Sound Shopping Center

(4) Area includes the Pacific and Lacey Blvd. corridor between College and Carpenter Road

(5) Area with three shopping centers along the interchange includes Lowes and the Walmart Neighborhood Center

(6) Data collected in the field during the months of February and March, 2015; partial data provided by the City of Lacey

(7) Data does not include pure office space, warehouse, distribution, or industrial space

(8) Data are estimates and not precise measures

Table 10 Employment by Industry in Thurston County, Lacey and the Surrounding Market Area, 2013

Industry Sector	Thurston Co.	Lacey Market Area	Lacey City Limits	Lacey's Share of Thurston County's Employment
Total Employment	61,390	20,620	11,800	19%
Construction	3,280	1,130	600	18%
Manufacturing	2,680	830	330	12%
Food & beverage Products	480	150	120	
Textile Products	20	10	0	
Leather and Allied Products	10	0	0	
Wood Products	70	20	0	
Paper Products	410	270	0	
Printing and Related Support Activities	120	40	20	
Chemical Products	30	0	0	
Plastics and Rubber Products	250	0	0	
Nonmetallic Mineral Products	160	10	0	
Primary Metal Products	10	0	0	
Fabricated Metal Products	460	80	60	
Machinery Products	70	0	0	
Computer and Electronic Products	10	0	0	
Electrical Equipment and Components	10	0	0	
Transportation Equipment	110	0	0	
Furniture and Related Products	270	110	100	
Miscellaneous Manufacturing	190	140	30	
Wholesale Trade	2,220	710	640	29%
Retail Trade	11,730	4,370	2,900	25%
Motor Vehicle and Parts Dealers	1,350	240	170	
Furniture and Home Furnishings Stores	300	90	60	
Electronics and Appliance Stores	340	130	40	
Building Material and Garden Equipment and Supplies Dealers	1,240	520	380	
Food and Beverage Stores	2,130	890	540	
Health and Personal Care Stores	600	240	120	
Gasoline Stations	470	180	40	
Clothing and Clothing Accessories Stores	960	120	70	
Sporting Goods, Hobby, Musical Instrument, and Book Stores	810	440	400	
General Merchandise Stores	2,820	1,240	830	
Miscellaneous Store Retailers	710	280	250	
Transportation	1,390	520	170	12%
Transportation and Support Activities	890	220	150	
Passenger Transit	220	80	10	
Warehouse and Storage	280	220	10	
nformation	2,070	1,040	790	38%
Publishing Industries (except Internet)	240	30	0	
Motion Picture and Sound Recording Industries	140	70	50	
	110	0	0	
Broadcasting (except Internet)	110			
Broadcasting (except Internet) Telecommunications	300	130	60	

Table 10 Continued

Finance	2,020	750	720	36%
Insurance	500	200	110	22%
Real Estate Activities'	1,030	400	210	20%
Professional, Scientific, and Technical Services	4,980	1,990	740	15%
Legal Services	560	80	30	
Accounting Services	670	200	90	
Architectural, Engineering, and Design	510	120	100	
Computer Systems Design and Related Services	2,160	1,120	300	
Management and Technical Consulting Services	330	150	90	
Scientific Research and Development Services	70	30	0	
Advertising and Related Services	170	110	10	
Other Professional and Technical Services	510	180	120	
Management Activities	230	90	0	0%
Administrative Support Services	2,130	780	200	9%
Waste Management and Remediation Services	200	170	170	85%
Educational Services (Private)	1,610	870	570	35%
Health Care and Social Assistance	13,090	2,600	920	7%
Health Care Services & hospitals	8,800	940	820	
Nursing and Residential Care Facilities	2,310	1,070	0	
Social Assistance	1,980	590	100	
Arts, Entertainment, and Recreation	2,550	960	350	14%
Performing Arts and Spectator Sports	80	0	0	
Museums, Historical Sites, and Similar Institutions	90	0	0	
Recreation and Amusement	2,380	960	350	
Accommodation	1,060	240	130	12%
Food Services and Drinking Places	6,890	2,360	1,710	25%
Other Services	1,730	610	540	31%
Repair and Maintenance	800	240	210	
Personal and Laundry Services	930	370	330	

Data Sources: U.S County Business Patterns; InfoUSA; National Association of Industrial and Office Park and the City of Lacey

Analysis: Wahlstrom & Associates

Notes: Data only measures private sector employment. Does not include jobs generated by federal, state or local government agencies

Data does not include jobs generated by federal, state or local government agencies

Data does not include agriculture, mining or utilities employment and jobs in religious or other non-profit organizations

Table A-11 Washington State Employment Trends: 2001 to 2013

	2001	2007	2010	2013	Annual Growth Rate 2001- 2007	Annual Growth Rate 2007- 2010	Annual Growth Rate 2010- 2013
Construction	153,098	198,699	140,964	137,831	4.4%	-10.8%	-0.7%
Manufacturing	316,227	254,034	220,380	246,382	-3.6%	-4.6%	3.8%
Wholesale trade	125,307	129,132	119,768	124,713	0.5%	-2.5%	1.4%
Retail trade	317,052	327,798	303,625	312,494	0.6%	-2.5%	1.0%
Transportation & warehousing	79,358	89,716	79,233	86,375	2.1%	-4.1%	2.9%
Information	103,800	112,428	112,522	123,018	1.3%	0.0%	3.0%
Finance & insurance	101,117	119,547	96,379	98,936	2.8%	-6.9%	0.9%
Real estate & rental & leasing	50,292	52,389	46,782	45,375	0.7%	-3.7%	-1.0%
Professional, scientific & technical services	141,642	165,323	160,632	193,509	2.6%	-1.0%	6.4%
Management of companies & enterprises	49,765	78,860	84,864	71,595	8.0%	2.5%	-5.5%
Admin, support, waste mgt, remediation services	125,282	152,003	124,643	139,248	3.3%	-6.4%	3.8%
Educational services	40,717	47,653	50,771	53,095	2.7%	2.1%	1.5%
Health care and social assistance	287,251	342,644	370,406	375,679	3.0%	2.6%	0.5%
Arts, entertainment & recreation	48,169	57,200	60,345	60,590	2.9%	1.8%	0.1%
Accommodation & food services	203,038	236,709	223,706	240,639	2.6%	-1.9%	2.5%
Other services (except public administration)	106,790	112,080	108,237	109,597	0.8%	-1.2%	0.4%
Totals	2,248,905	2,476,215	2,303,257	2,419,076	1.6%	-2.4%	1.6%

Table 12 Thurston County Employment Trends: 2001 to 2013

	0004	0007	2042	2042	Annual Growth Rate 2001-	Annual Growth Rate 2007-	Annual Growth Rate 2010-
Construction	2001 3,633	2007 5,064	2010 3,557	2013 3,277	2007 5.7%	2010 -11.1%	2013 -2.7%
Manufacturing	3,166	3,096	2,475	2,681	-0.4%	-7.2%	2.7%
Wholesale trade	2,239	2,049	2,298	2,216	-1.5%	3.9%	-1.2%
Retail trade	9,654	12,284	11,936	11,709	4.1%	-1.0%	-0.6%
Transportation & warehousing	913	1,666	1,441	1,397	10.5%	-4.7%	-1.0%
Information	1,602	1,541	1,436	2,073	-0.6%	-2.3%	13.0%
Finance & insurance	2,533	2,876	2,520	2,516	2.1%	-4.3%	-0.1%
Real estate & rental & leasing	1,138	1,239	1,027	1,029	1.4%	-6.1%	0.1%
Professional, scientific & technical services	3,303	5,180	5,386	4,980	7.8%	1.3%	-2.6%
Management of companies & enterprises	330	735	178	229	14.3%	-37.7%	8.8%
Admin, support, waste mgt, remediation services	2,631	3,297	3,170	2,325	3.8%	-1.3%	-9.8%
Educational services	1,014	1,329	1,474	1,608	4.6%	3.5%	2.9%
Health care and social assistance	9,665	11,301	11,491	13,091	2.6%	0.6%	4.4%
Arts, entertainment & recreation	1,444	2,257	2,713	2,549	7.7%	6.3%	-2.1%
Accommodation & food services	6,256	7,694	7,582	7,944	3.5%	-0.5%	1.6%
Other services (except public administration)	3,377	4,070	4,417	3,961	3.2%	2.8%	-3.6%
Totals	52,898	65,678	63,101	63,585	3.7%	-1.3%	0.3%

Table A-13 Pierce County Employment Trends: 2001 to 2013

	2001	2007	2010	2013	Annual Growth Rate 2001- 2007	Annual Growth Rate 2007- 2010	Annual Growth Rate 2010- 2013
Construction	15,533	24,169	16,479	15,144	7.6%	-12.0%	-2.8%
Manufacturing	21,293	19,123	15,040	16,885	-1.8%	-7.7%	3.9%
Wholesale trade	9,614	12,024	10,737	10,790	3.8%	-3.7%	0.2%
Retail trade	32,677	35,745	32,563	33,497	1.5%	-3.1%	0.9%
Transportation & warehousing	8,326	12,259	11,966	11,324	6.7%	-0.8%	-1.8%
Information	3,954	3,688	3,701	3,738	-1.2%	0.1%	0.3%
Finance & insurance	8,773	12,250	11,148	9,634	5.7%	-3.1%	-4.7%
Real estate & rental & leasing	4,699	5,682	5,212	5,018	3.2%	-2.8%	-1.3%
Professional, scientific & technical services	7,522	9,761	8,549	9,096	4.4%	-4.3%	2.1%
Management of companies & enterprises	3,198	4,247	4,972	5,411	4.8%	5.4%	2.9%
Admin, support, waste mgt, remediation services	11,403	15,225	10,981	11,969	4.9%	-10.3%	2.9%
Educational services	7,007	6,994	7,332	7,067	0.0%	1.6%	-1.2%
Health care and social assistance	34,604	42,945	44,219	44,022	3.7%	1.0%	-0.1%
Arts, entertainment & recreation	4,536	3,139	5,675	6,513	-6.0%	21.8%	4.7%
Accommodation & food services	18,656	25,712	21,541	23,282	5.5%	-5.7%	2.6%
Other services (except public administration)	12,184	13,047	12,407	12,827	1.1%	-1.7%	1.1%
Totals	203,979	246,010	222,522	226,217	3.2%	-3.3%	0.6%

Table A-14 Lewis County Employment Trends: 2001 to 2013

	2001	2007	2010	2013	Annual Growth Rate 2001- 2007	Annual Growth Rate 2007- 2010	Annual Growth Rate 2010- 2013
Construction	835	1,327	825	668	8.0%	-14.7%	-6.8%
Manufacturing	2,895	3,827	3,137	2,985	4.8%	-6.4%	-1.6%
Wholesale trade	627	774	506	502	3.6%	-13.2%	-0.3%
Retail trade	3,612	3,929	3,434	3,613	1.4%	-4.4%	1.7%
Transportation & warehousing	573	1,204	1,137	1,329	13.2%	-1.9%	5.3%
Information	325	254	182	136	-4.0%	-10.5%	-9.3%
Finance & insurance	464	454	407	386	-0.4%	-3.6%	-1.8%
Real estate & rental & leasing	228	384	303	292	9.1%	-7.6%	-1.2%
Professional, scientific & technical services	363	472	498	482	4.5%	1.8%	-1.1%
Management of companies & enterprises	31	23	42	8	-4.9%	22.2%	-42.5%
Admin, support, waste mgt, remediation services	475	781	706	618	8.6%	-3.3%	-4.3%
Educational services	88	120	141	96	5.3%	5.5%	-12.0%
Health care and social assistance	2,724	2,903	3,022	3,206	1.1%	1.3%	2.0%
Arts, entertainment & recreation	214	217	226	188	0.2%	1.4%	-6.0%
Accommodation & food services	1,951	2,098	1,821	1,904	1.2%	-4.6%	1.5%
Other services (except public administration)	946	860	802	730	-1.6%	-2.3%	-3.1%
Totals	16,351	19,627	17,189	17,143	3.1%	-4.3%	-0.1%

Table 15 Lacey Market Area Employment Trends: 2001 to 2013

	2001	2007	2010	2013	Annual Growth Rate 2001-2007	Annual Growth Rate 2007-2010	Annual Growth Rate 2010-2013
Construction	1,083	1,582	1,235	1,133	6.5%	-7.9%	-2.8%
Manufacturing	441	714	567	811	8.4%	-7.4%	12.6%
Wholesale trade	374	377	381	711	0.1%	0.4%	23.1%
Retail trade	2,945	4,643	4,392	4,357	7.9%	-1.8%	-0.3%
Transportation & warehousing	229	649	529	514	19.0%	-6.6%	-1.0%
Information	538	199	373	1,054	-15.3%	23.3%	41.4%
Finance & insurance	598	991	838	800	8.8%	-5.4%	-1.5%
Real estate & rental & leasing Professional, scientific & technical	239	484	402	396	12.5%	-6.0%	-0.5%
services	1,218	1,779	1,981	1,932	6.5%	3.7%	-0.8%
Management of companies & enterprises Admin, support, waste mgt, remediation services	27 850	536 882	70 680	93 926	0.6%	-49.3% -8.3%	9.7% 10.8%
Educational services	570	1,005	1,079	866	9.9%	2.4%	-7.1%
Health care and social assistance	1,442	2,357	2,634	2,594	8.5%	3.8%	-0.5%
Arts, entertainment & recreation	372	895	1,039	963	15.8%	5.1%	-2.5%
Accommodation & food services	1,304	2,036	2,133	2,596	7.7%	1.6%	6.8%
Other services (except public administration)	733	762	1,054	1,003	0.6%	11.4%	-1.6%
Totals	12,963	19,891	19,387	20,746	7.4%	-0.9%	2.3%

Data Source: U.S. County Business Patterns Analysis: Wahlstrom & Associates Note: Market area includes the zip codes of 98503, 98513 and 98516

Table 16 Employment Projections in the City of Lacey: 2013 to 2035

	2013	2020	2025	2030	2035	Job Growth 2013-2035	Annual New Jobs	Annual Growth Rate
Construction	600	850	960	1,080	1,220	620	30	3.3%
Manufacturing	330	370	380	400	420	90	4	1.1%
Wholesale trade	640	1,150	1,400	1,670	1,950	1,310	60	5.2%
Retail trade	2,900	3,370	3,610	3,860	4,090	1,190	50	1.6%
Transportation & warehousing	170	290	340	400	460	290	10	4.6%
Information	790	1,030	1,200	1,380	1,580	790	40	3.2%
Finance & insurance	800	950	1,050	1,150	1,260	460	20	2.1%
Real estate & rental & leasing	210	210	220	220	220	10	0	0.2%
Professional, scientific & technical services	740	970	1,150	1,350	1,580	840	40	3.5%
Management of companies & enterprises	4	10	10	10	10	6	0	4.3%
Admin, support, waste mgt, remediation services	370	500	600	710	830	460	20	3.7%
Educational services	570	720	820	940	1,060	490	20	2.9%
Health care and social assistance	920	1,330	1,540	1,770	2,030	1,110	50	3.7%
Arts, entertainment & recreation	350	460	530	600	670	320	10	3.0%
Accommodation & food services	1,840	2,480	2,910	3,370	3,860	2,020	90	3.4%
Personal, Repair and Other Services	540	1,230	1,670	2,150	2,650	2,110	100	7.5%
Government	5,150	5,480	5,830	6,200	6,760	1,610	70	1.2%
Totals	16,920	21,400	24,220	27,260	30,650	13,730	624	2.7%

Data Sources: U.S. County Business Patterns; InfoUSA; Thurston Regional Planning Council; Washington State Employment Security Department Analysis: Wahlstrom & Associates

Notes: 1) Baseline 2013 utilizes data from InfoUsa and the 2013 Employment Forecast Allocations Published by the Thurston Regional Planning Council 2) Assumes a continuation of State projections beyond 2023

3) Assumes Lacey's historical share of State employment growth will continue in the future

4) Retail projections are consistent with TRP's population projections for the Lacey UGA

Table 17 Land Demand Projections in the City of Lacey: 2013 to 2035

	2013 Base	line Data	Projected Demand 2013 - 2020		Projected Demand 2020 - 2025		Projected Demand 2025 - 2030		Projected Demand 2030 - 2035		Total Demand 2013-2035	
	Building Space	Acreage	New Building Space	New Acreage Absorbed	New Building Space	New Acreage Absorbed	New Building Space	New Acreage Absorbed	New Building Space	New Acreage Absorbed	New Building Space	New Acreage Absorbed
Ground Floor Commercial Space	2,890,000	265	885,000	81	580,000	53	625,000	57	625,000	57	2,715,000	249
Office or Business Park Space	1,371,000	79	261,000	15	189,000	11	201,000	12	201,000	12	852,000	49
R&D /flex space	64,000	4	24,000	2	16,000	1	16,000	1	16,000	1	72,000	5
Mfg/Industrial	1,496,000	137	512,000	47	280,000	26	304,000	28	304,000	28	1,400,000	129
Warehouse & storage	351,000	54	108,000	17	54,000	8	54,000	8	54,000	8	270,000	41
Institutions [a]	800,000	37	150,000	7	100,000	5	100,000	5	100,000	5	450,000	21
Total	6,972,000	576	1,940,000	168	1,219,000	104	1,300,000	111	1,300,000	111	5,759,000	493

Data Sources: U.S. County Business Patterns; InfoUSA; Thurston Regional Planning Council; Washington State Employment Security Department; Urban Land Institute; National Association of Office and Industrial Parks
Analysis: Wahlstrom & Associates

Notes: Floor Area Ratio (FAR) and Employment Densities are assumed based on research in other similar communities

Table 18	
Inventory of Occupied Retail S	pace in Lacey by Commercial District

Consumer Products	Marvin Avenue Corridor (1)	Martin Way Between Carpenter & College (2)	Woodland District (3)	Lacey/Pacific Ave Corridor between College & Carpenter (4)	College & Yelm Highway Intersection (5)	Hawk's Prairie North of I-5 (6)	Total
Motor Vehicle and Parts Dealers							
Other Motor Vehicle Dealers	37,800	0	4,200	0	0	0	42,000
Automotive Parts, Accessories, and Tire Stores	6,800	5,800	16,200	11,200	10,600	0	50,600
Furniture & Home Furnishing Stores							
Furniture	20,580	34,080	0	0	0	0	54,660
Home Furnishings	4,500	0	0	0	0	0	4,500
Electronics & Appliance Stores							
Household Appliance Stores	0	0	1,200	0	0	0	1,200
Consumer Electronics Stores	23,300	0	20,200	0	0	0	43,500
Building Material Stores	·						
Home Centers	103,500	0	0	0	141,800	0	245,300
Paint & Wallpaper Stores	4,500	0	2,400	0	0	0	6,900
Hardware Stores	0	0	0	4,000	0	0	4,000
Other Building Material Dealers	3,900	0	6,100	7,900	0	0	17,900
Food & Beverage Stores	-,,		3,133	.,		· .	,
Grocery Stores	60,800	0	0	42,100	129,200	0	232,100
Convenience Stores	4,700	900	2,800	7,600	0	0	16,000
Specialty Food Stores	13,500	0	2,000	1,500	0	0	17,000
Beer, Wine, and Liquor Stores	1,200	0	0	0	3,200	0	4,400
Health and Personal Care Stores	1,200	ů	<u> </u>	ů	0,200	Ů	4,400
Pharmacies and Drug Stores	21,600	0	21,800	0	16,200	0	59,600
Optical Goods Stores	2,200	0	0	0	0	0	2,200
Food (Health) Supplement Stores	1,800	0	900	0	0	0	2,700
All Other Health and Personal Care Stores	0	5,600	5,500	3,800	2,200	0	17,100
Clothing and Clothing Accessories Stores		0,000	0,000	0,000	2,200	<u> </u>	11,100
Clothing Stores	0	49,500	91,800	4,000	0	0	145,300
Shoe Stores	0	45,300	9,200	4,000	0	0	9,200
Jewelry, Luggage & Leather Goods Stores	0	0	2,300	0	0	0	2,300
Sporting Goods, Hobby, Musical Instrument, a		•	2,000	<u> </u>		<u> </u>	2,000
Sporting Goods Stores	21,100	0	0	4,000	0	184,000	209,100
Hobby, Toy, and Game Stores	2,000	0	32,900	1,700	0	0	36,600
Musical Instrument and Supplies Stores	0	0	1,100	0	0	0	1,100
Book Stores and News Dealers	0	0	900	0	0	0	900
General Merchandise Group	•	•		Ů	<u> </u>	, i	
Department Stores	0	95,600	72,500	0	0	0	168,100
Discount Department Stores	0	95,000	208,400	0	0	0	208,400
Warehouse Clubs & Superstores	378,700	0	200,400	0	0	0	378,700
Other General Merchandise	39,600	0	4,500	0	0	0	44,100
Miscellaneous Store Retailers	33,000	Ů.	4,300	Ů	•	Ů	77,100
Florists	0	0	0	800	1,600	0	2,400
Office Supplies and Stationery Stores	6,000	0	10,800	0	0	0	16,800
Gift, Novelty, and Souvenir Stores	0,000	0	19,400	500	0	0	19,900
Used Merchandise Stores	11,700	0	8,200	6,900	16,600	0	37,300
Pet and Pet Supplies Stores	5,000	0	15,700	0,900	900	0	21,500
Tobacco Stores	5,000	0	2,500	0	1,300	0	3,700
All Other Miscellaneous Store Retailers	3,900	0	9,600	9,800	1,300	0	19,700
Total Occupied Space for Consumer Product				·			
Sales	778,700	191,500	573,100	105,800	323,600	184,000	2,156,700

Source: Field inventory completed by Wahlstrom & Associates during the months of February and March, 2015; partial data provided by the City of Lacey Notes: (1) Area that extends from 1-5 to Martin Way includes Wal-Mart Supercenter, Home Depot, Costco and other shopping centers (2) Corridor includes retail space within the City Limits (3) Includes South Sound Shopping Center (4) Area includes the Pacific and Lacey Blvd. corridor between College and Carpenter Road (5) Area includes Lowes and the Walmart Neighborhood Center (6) Data is not yet complete and only includes Cabela's

Exhibit 3--Supplement to 2015 City of Lacey Market Study Prepared by George E. Smith September 28, 2015

2015 Market Study

In early 2015 the City of Lacey engaged a consultant to prepare a Market Study (Study) to be used to inform the Economic Development Element, the Land Use Element, the Economic Development Strategy, and the Economic Development Work Plan. The Study (Exhibit 2) was an in-depth look at Lacey's economy in 2015, and a look ahead over the next 20 years. The Study included an inventory of built space by type, including vacancies; job growth projections; projections of land use demand by type; and the creation of a complete inventory of businesses operating in the City. Also included was information on retail leakage, based on the City's 2015 City limits, that could be used in retail recruitment and to reduce sales tax leakage.

The typical method for measuring retail leakage is to compare 100% of the retail sales within a city to 100% of the purchasing power of that city's residents. While retail sales in Lacey were available, determining the purchasing power of City residents was a problem due to the City of Lacey's boundaries. The City is spread over three zip codes, and 16 census tracts, none of which is exclusively within the City limits. A larger issue is identifying the purchasing power of the residents within the total Lacey market area rather than just those within the boundaries of the City limits. Depending on the type of goods being purchased, the market area might be as small as the immediate neighborhood, or as large as a multi-county region.

A cursory review of the Study shows that, using data approximating the Lacey City limits, the City enjoys a net retail capture, led by grocery stores, discount stores, warehouse stores, superstores, and home centers. This seems to contradict comparative sales tax information from the State of Washington Department of Revenue that has historically shown that Lacey lags Olympia, Tumwater, and many other Washington cities in per-capita sales tax collection. This contradiction necessitated further analysis, this Supplement to the Market Study, to look at three factors: geographic, retail versus taxable sales, and retail mix.

Expanding the geographic area to more accurately reflect Lacey's retail catchment area, including 100% of the residents for all census tracts touching Lacey, plus DuPont, more closely matches the Lacey market. This includes areas where the closest stores selling goods routinely purchased by area residents are located in Lacey. Based on that larger area, some very large sales tax opportunities become obvious: automobiles and gas stations with convenience stores. Both of these potential sources of sales tax are

discussed elsewhere under the SWOT Analysis. The potential for automobile sales is cited as an opportunity. The impediments to development of large-scale gas stations with convenience stores are cited as a weakness.

Not all retail sales in Washington are taxable. With few exceptions, groceries are not subject to sales tax. In Lacey, grocery stores account for nearly \$200 million in annual retail sales. Grocery sales account for more than half of the more than \$120 million annual sales at Lacey's warehouse clubs and superstores. This trims another \$60 to \$70 million of taxable sales from Lacey's retail sales.

As was discussed under "Opportunities" in the SWOT analysis, looking at the retail mix we currently have in place, as well as the size and demographics of Lacey, Lacey's retail catchment area, and the Thurston County retail catchment area, the purchasing power exists to attract higher-end merchants than we have currently. However, the market lacks suitable sites for those stores that generally prefer open air malls and lifestyle centers, with a high level of amenities.

Original Census Tracts Used in Original Report

Census		Avg HHI	Total Census Tract	Х	HH Retail Spending
Tract	HH	(1)	HHI	29.25%	Power
112	2,183	\$68,200	\$148,880,600	0.2925	\$43,547,576
113	2,075	\$68,200	\$141,515,000	0.2925	\$41,393,138
114.1	1,970	\$68,200	\$134,354,000	0.2925	\$39,298,545
114.2	2,566	\$68,200	\$175,001,200	0.2925	\$51,187,851
115	2,306	\$68,200	\$157,269,200	0.2925	\$46,001,241
116.1	2,886	\$68,200	\$196,825,200	0.2925	\$57,571,371
116.21	2,845	\$68,200	\$194,029,000	0.2925	\$56,753,483
116.22	1,558	\$68,200	\$106,255,600	0.2925	\$31,079,763
116.23	2,197	\$68,200	\$149,835,400	0.2925	\$43,826,855
116.24	1,390	\$68,200	\$94,798,000	0.2925	\$27,728,415
123.1	3,289	\$68,200	\$224,309,800	0.2925	\$65,610,617
123.2	1,082	\$68,200	\$73,792,400	0.2925	\$21,584,277
123.3	1,770	\$68,200	\$120,714,000	0.2925	\$35,308,845
Sub-total	28,117		\$1,917,579,400		\$560,891,975

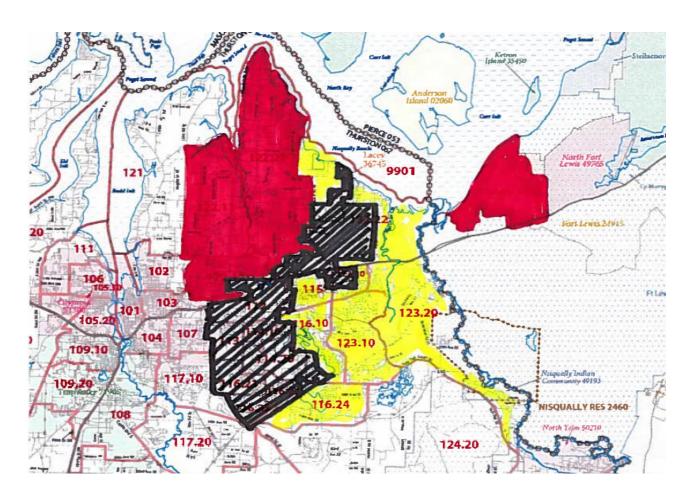
In the original Market Study Report, the above census tracts were used to gauge household income in Lacey. Since these census tracts do not perfectly match the City of Lacey limits, adjustments were made to reduce the number of households to 18,500. Multiplying the Average Lacey household income of \$68,200 by the adjusted number of households yielded \$1,261,700,000 in household income. Using numbers for consumer spending based on surveys published by the US Bureau of Labor Statistics, the amount of retail sales was determined to be \$368,639,000. Expanding the Lacey market to

reflect the Lacey catchment area, census tract 122 was added, along with DuPont. Those additional census tracts are shown in the chart and the map, below.

Additional Census Tracts Added in Addendum to Original Report

Census		Avg HHI	Total Census Tract	Х	HH Retail Spending
Tract	HH	(1)	HHI	29.25%	Power
122.11	974	\$72,700	\$70,809,800	0.2925	\$20,711,867
122.12	3,121	\$72,700	\$226,896,700	0.2925	\$66,367,285
122.21	2,114	\$72,700	\$153,687,800	0.2925	\$44,953,682
122.22	2,811	\$72,700	\$204,359,700	0.2925	\$59,775,212
Sub-total	9,020		\$655,754,000		\$191,808,045
18965	(DuPont)		\$298,261,752	0.2925	\$87,241,562
Grand					
Total			\$2,871,595,152		\$839,941,582

Census Tract Map



The Lacey city limits are shown in black. Because a number of census tracts within the city limits also extended beyond the city limits, they had to be included in the original study. Those census tracts are shown in yellow. The census tracts highlighted in red were added to better reflect the Lacey shopping catchment area. These included the areas to the north that touch the Lacey city limits, as well as the City of DuPont from which many residents travel to Lacey to shop.

Exhibit 4

CODE OF ETHICS

PROHIBITION AGAINST ACCEPTING GIFTS, GRATUITIES & FAVORS AND/OR USE OF POSITION FOR FINANCIAL GAIN

Purpose

The City is accountable to the public for conducting City business in a fiscally responsible, accountable, and ethical manner. The purpose of this policy is to establish prohibitions and ethical standards of conduct for City employees regarding the acceptance of gifts, gratuities, and/or favors, and to prohibit City employees from using their official position for personal financial gain.

Policy

City employees shall not engage in any act or behavior which may be considered to be in conflict with the performance of their official duties. This includes accepting any gift, gratuity, or favor which may be directly (or indirectly) related to the employees' performance of their official duties. City employees will not use their position for personal financial gain or to secure special privileges or exemptions for themselves or others.

An employee shall be considered to have acted in violation of this policy, and in conflict with the performance of their official duties, if the employee:

1. Solicits, accepts, or seeks a gift, gratuity, or favor from any person, firm, or corporation involved in a contract or transaction which is or may be the subject of official action by the City.

The City recognizes that personal friendships may precede and can evolve from official contact between employees and persons engaged in business with the City. Reasonable exceptions to this section are permitted, except for Police Department personnel, for those occasions which are social in nature and are not predicated on the employee's ability to influence, directly or indirectly, any matter before the City. (Police Department personnel should refer to their departmental manual.)

For example, a gift, gratuity, or favor given or received which has monetary value in excess of \$25.00 and is offered or accepted in expectation of preferential treatment would constitute a conflict of interest **and is in violation of this policy**. On the other hand, a small gift, gratuity, or favor given as an expression of social courtesy may be allowed. Examples of acceptable social courtesies include: an infrequent meal or social event limited for social reasons; exchanges of floral offerings or gifts of food to commemorate events such as illness, death, birth, holidays, and promotions; or an infrequent sample or promotional gift of nominal value. The value for any one of these items should not exceed \$25.00.

2. Participates in any way in his/her capacity as a City employee in the City's purchase of goods, contracting for services, or audit/administration of a contract for services in which the employee has a private financial interest whether directly or indirectly.

Date: June 1997 52

- 3. Has any financial interest in any sale to the City of **any** goods, property, or services when such financial interest was obtained or acquired with prior knowledge that the City intended to purchase the property, goods, or services.
- 4. Except for social courtesies as provided in item one (1) above, no employee shall, directly or indirectly, give or receive, or agree to receive any compensation, gift, reward, commission or gratuity from any source except the City for any matter directly connected with or related to his/her official services as an employee with this City.
- 5. Discloses or uses confidential information concerning property or affairs of the City to advance a private interest with respect to any contract or transaction which is or may be the subject of official action of the City.
- 6. Has a financial interest or personal interest in any legislation coming before the City Council and participates in discussion with or gives an official opinion to the City Council unless the employee discloses on the record of the Council the nature and extent of such interest.

This policy is not all-encompassing in its definitions of what may or may not be appropriate. Public employees must use good judgment and common sense at all times. Action deemed inappropriate by a reasonable person, whether specifically cited in this policy or not, may be subject to inquiry and disciplinary action if appropriate. When in doubt, employees should check with their supervisor or the Human Resources Director.

Non-Compliance/Disciplinary Action

Employees found to have acted in a manner which is in violation of this policy shall be subject to disciplinary action. Such actions will be considered as serious misconduct. As such, they shall constitute grounds for disciplinary action, up to and including termination, depending on the specifics of the particular behavior or incident.

If an employee or supervisor is in doubt or has any questions about anything regarding a potential or real conflict of interest or violation of this policy, he/she is responsible for immediately contacting the City Attorney or Human Resources Director for policy clarification.

Reporting of Non-Compliance with this Policy

Any City of Lacey employee who becomes aware of any improper action by another City employee which may constitute a violation of this policy is encouraged to report the matter in accordance with the City's policy for reporting improper governmental actions. The matter will be promptly investigated. See the City's *Whistleblower Policy - Reporting Improper Governmental Actions* for additional information on proper reporting procedures.

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The Power of Knowledge and Leadership

CODE OF ETHICS

The following code of ethics was established by the professional economic developers in the International Economic Development Council to ensure a high ethical standard for those involved in economic development.

PROFESSIONAL ECONOMIC DEVELOPERS SHALL:

- 1. Carry out their responsibilities in a manner to bring respect to the profession, the economic developer and the economic developer's constituencies.
- 2. Practice with integrity. honesty, and adherence to the trust placed in them both in fact and in appearance.
- 3. Hold themselves free of any interest, influence, or relationship in respect to any professional activity when dealing with clients which could impair professional judgement or objectivity or which in the reasonable view of the observer, has that effect.
- 4. Be mindful that they are representatives of the community and shall represent the overall community interest.
- Keep the community, elected officials, boards and other stakeholders informed about the progress and efforts of the area's economic development program.
- Maintain in confidence the affairs of any client, colleague or organization and shall not disclose confidential information obtained in the course of professional activities.

- 7. Openly share information with the governing body according to protocols established by that body. Such protocols shall be disclosed to clients and the public.
- 8. Cooperate with peers to the betterment of economic development technique, ability, and practice, and to strive to perfect themselves in their professional abilities through training and educational opportunities.
- 9. Assure that all economic development activities are conducted with equality of opportunity for all segments of the community without regard to race, religion, sex, sexual orientation, national origin, political affiliation, disability, age, marital status, or socioeconomic status.
- 10. Refrain from sexual harassment. Sexual harassment is defined as any unwelcome conduct of a sexual nature.
- Not exploit the misfortune of federally declared disaster-impacted regions. This includes actively recruiting businesses from an affected community.
- 12. Abide by the principles established in this code and comply with the rules of professional conduct as promulgated by IEDC.

AICP Code of Ethics and Professional Conduct

Adopted March 19, 2005 Effective June 1, 2005 Revised October 3, 2009

The Executive Director of APA/AICP is the Ethics Officer as referenced in the following.

We, professional planners, who are members of the American Institute of Certified Planners, subscribe to our Institute's Code of Ethics and Professional Conduct. Our Code is divided into four sections:

Section A contains a statement of aspirational principles that constitute the ideals to which we are committed. We shall strive to act in accordance with our stated principles. However, an allegation that we failed to achieve our aspirational principles cannot be the subject of a misconduct charge or be a cause for disciplinary action.

Section B contains rules of conduct to which we are held accountable. If we violate any of these rules, we can be the object of a charge of misconduct and shall have the responsibility of responding to and cooperating with the investigation and enforcement procedures. If we are found to be blameworthy by the AICP Ethics Committee, we shall be subject to the imposition of sanctions that may include loss of our certification.

The principles to which we subscribe in Sections A and B of the Code derive from the special responsibility of our profession to serve the public interest with compassion for the welfare of all people and, as professionals, to our obligation to act with high integrity.

As the basic values of society can come into competition with each other, so can the aspirational principles we espouse under this Code. An ethical judgment often requires a conscientious balancing, based on the facts and context of a particular situation and on the precepts of the entire Code.

As Certified Planners, all of us are also members of the American Planning Association and share in the goal of building better, more inclusive communities. We want the public to be aware of the principles by which we practice our profession in the quest of that goal. We sincerely hope that the public will respect the commitments we make to our employers and clients, our fellow professionals, and all other persons whose interests we affect.

A: Principles to Which We Aspire

1. Our Overall Responsibility to the Public

Our primary obligation is to serve the public interest and we, therefore, owe our allegiance to a conscientiously attained concept of the public interest that is formulated

through continuous and open debate. We shall achieve high standards of professional integrity, proficiency, and knowledge. To comply with our obligation to the public, we aspire to the following principles:

- a) We shall always be conscious of the rights of others.
- b) We shall have special concern for the long-range consequences of present actions.
- c) We shall pay special attention to the interrelatedness of decisions.
- d) We shall provide timely, adequate, clear, and accurate information on planning issues to all affected persons and to governmental decision makers.
- e) We shall give people the opportunity to have a meaningful impact on the development of plans and programs that may affect them. Participation should be broad enough to include those who lack formal organization or influence.
- f) We shall seek social justice by working to expand choice and opportunity for all persons, recognizing a special responsibility to plan for the needs of the disadvantaged and to promote racial and economic integration. We shall urge the alteration of policies, institutions, and decisions that oppose such needs.
- g) We shall promote excellence of design and endeavor to conserve and preserve the integrity and heritage of the natural and built environment.
- h) We shall deal fairly with all participants in the planning process. Those of us who are public officials or employees shall also deal evenhandedly with all planning process participants.

2. Our Responsibility to Our Clients and Employers

We owe diligent, creative, and competent performance of the work we do in pursuit of our client or employer's interest. Such performance, however, shall always be consistent with our faithful service to the public interest.

- a) We shall exercise independent professional judgment on behalf of our clients and employers.
- b) We shall accept the decisions of our client or employer concerning the objectives and nature of the professional services we perform unless the course of action is illegal or plainly inconsistent with our primary obligation to the public interest.
- c) We shall avoid a conflict of interest or even the appearance of a conflict of interest in accepting assignments from clients or employers.

3. Our Responsibility to Our Profession and Colleagues

We shall contribute to the development of, and respect for, our profession by improving knowledge and techniques, making work relevant to solutions of community problems, and increasing public understanding of planning activities.

- a) We shall protect and enhance the integrity of our profession.
- b) We shall educate the public about planning issues and their relevance to our everyday lives.
- c) We shall describe and comment on the work and views of other professionals in a fair and professional manner.
- d) We shall share the results of experience and research that contribute to the body of planning knowledge.
- e) We shall examine the applicability of planning theories, methods, research and practice and standards to the facts and analysis of each particular situation and shall not accept the applicability of a customary solution without first establishing its appropriateness to the situation.
- f) We shall contribute time and resources to the professional development of students, interns, beginning professionals, and other colleagues.
- g) We shall increase the opportunities for members of underrepresented groups to become professional planners and help them advance in the profession.
- h) We shall continue to enhance our professional education and training.
- i) We shall systematically and critically analyze ethical issues in the practice of planning.
- j) We shall contribute time and effort to groups lacking in adequate planning resources and to voluntary professional activities.

B: Our Rules of Conduct

We adhere to the following Rules of Conduct, and we understand that our Institute will enforce compliance with them. If we fail to adhere to these Rules, we could receive sanctions, the ultimate being the loss of our certification:

- 1. We shall not deliberately or with reckless indifference fail to provide adequate, timely, clear and accurate information on planning issues.
- 2. We shall not accept an assignment from a client or employer when the services to be performed involve conduct that we know to be illegal or in violation of these rules.

- 3. We shall not accept an assignment from a client or employer to publicly advocate a position on a planning issue that is indistinguishably adverse to a position we publicly advocated for a previous client or employer within the past three years unless (1) we determine in good faith after consultation with other qualified professionals that our change of position will not cause present detriment to our previous client or employer, and (2) we make full written disclosure of the conflict to our current client or employer and receive written permission to proceed with the assignment.
- 4. We shall not, as salaried employees, undertake other employment in planning or a related profession, whether or not for pay, without having made full written disclosure to the employer who furnishes our salary and having received subsequent written permission to undertake additional employment, unless our employer has a written policy which expressly dispenses with a need to obtain such consent.
- 5. We shall not, as public officials or employees, accept from anyone other than our public employer any compensation, commission, rebate, or other advantage that may be perceived as related to our public office or employment.
- 6. We shall not perform work on a project for a client or employer if, in addition to the agreed upon compensation from our client or employer, there is a possibility for direct personal or financial gain to us, our family members, or persons living in our household, unless our client or employer, after full written disclosure from us, consents in writing to the arrangement.
- 7. We shall not use to our personal advantage, nor that of a subsequent client or employer, information gained in a professional relationship that the client or employer has requested be held inviolate or that we should recognize as confidential because its disclosure could result in embarrassment or other detriment to the client or employer. Nor shall we disclose such confidential information except when (1) required by process of law, or (2) required to prevent a clear violation of law, or (3) required to prevent a substantial injury to the public. Disclosure pursuant to (2) and (3) shall not be made until after we have verified the facts and issues involved and, when practicable, exhausted efforts to obtain reconsideration of the matter and have sought separate opinions on the issue from other qualified professionals employed by our client or employer.
- 8. We shall not, as public officials or employees, engage in private communications with planning process participants if the discussions relate to a matter over which we have authority to make a binding, final determination if such private communications are prohibited by law or by agency rules, procedures, or custom.
- 9. We shall not engage in private discussions with decision makers in the planning process in any manner prohibited by law or by agency rules, procedures, or custom.
- 10. We shall neither deliberately, nor with reckless indifference, misrepresent the qualifications, views and findings of other professionals.

- 11. We shall not solicit prospective clients or employment through use of false or misleading claims, harassment, or duress.
- 12. We shall not misstate our education, experience, training, or any other facts which are relevant to our professional qualifications.
- 13. We shall not sell, or offer to sell, services by stating or implying an ability to influence decisions by improper means.
- 14. We shall not use the power of any office to seek or obtain a special advantage that is not a matter of public knowledge or is not in the public interest.
- 15. We shall not accept work beyond our professional competence unless the client or employer understands and agrees that such work will be performed by another professional competent to perform the work and acceptable to the client or employer.
- 16. We shall not accept work for a fee, or pro bono, that we know cannot be performed with the promptness required by the prospective client, or that is required by the circumstances of the assignment.
- 17. We shall not use the product of others' efforts to seek professional recognition or acclaim intended for producers of original work.
- 18. We shall not direct or coerce other professionals to make analyses or reach findings not supported by available evidence.
- 19. We shall not fail to disclose the interests of our client or employer when participating in the planning process. Nor shall we participate in an effort to conceal the true interests of our client or employer.
- 20. We shall not unlawfully discriminate against another person.
- 21. We shall not withhold cooperation or information from the AICP Ethics Officer or the AICP Ethics Committee if a charge of ethical misconduct has been filed against us.
- 22. We shall not retaliate or threaten retaliation against a person who has filed a charge of ethical misconduct against us or another planner, or who is cooperating in the Ethics Officer's investigation of an ethics charge.
- 23. We shall not use the threat of filing an ethics charge in order to gain, or attempt to gain, an advantage in dealings with another planner.
- 24. We shall not file a frivolous charge of ethical misconduct against another planner.

- 25. We shall neither deliberately, nor with reckless indifference, commit any wrongful act, whether or not specified in the Rules of Conduct, that reflects adversely on our professional fitness.
- 26. We shall not fail to immediately notify the Ethics Officer by both receipted Certified and Regular First Class Mail if we are convicted of a "serious crime" as defined in Section D of the Code; nor immediately following such conviction shall we represent ourselves as Certified Planners or Members of AICP until our membership is reinstated by the AICP Ethics Committee pursuant to the procedures in Section D of the Code.

CITY OF LACEY ECONOMIC DEVELOPMENT STRATEGY APPENDIX 1 OF THE ECONOMIC DEVELOPMENT ELEMENT 2016

ECONOMIC DEVELOPMENT STRATEGY

Community Vision – Lacey has a strong and healthy economy that provides economic opportunities for all citizens; generates sufficient revenues to ensure the provision of essential public services; and makes Lacey a great place to live, work, learn, shop, and play.

STRATEGY CONTEXT

The Economic Development Strategy (Strategy) is one of three documents that address economic development efforts in Lacey. The other two documents are the Economic Development Element (Element) and the Economic Development Program Work Plan (Work Plan). The Strategy is the bridge document between the Element and the Work Plan. The Strategy also serves to provide the implementation measures for the Element. The Element communicates values, vision, and sets forth goals and policies. The Strategy lays out how the policies contained in the Element will be accomplished. The Work Plan explains the concrete steps that will be taken, and the tactics used, to carry out the Strategy. While none of the three documents is completely static, the Strategy will evolve more quickly than the Element, and the Work Plan will adjust more quickly than the Strategy.

EFFECTIVE COLLABORATION

The Economic Development Element includes a discussion of Lacey's approach to working with citizens, businesses, business owners, and entrepreneurs—its "customers"—to remove obstacles to their success. This approach has served the City and its stakeholders well. Several of the goals and supporting policies detailed in the Element address the importance of effective collaboration and will be detailed in the Strategy.

The City of Lacey coordinates its economic development efforts with a number of community partners. These include public sector, private sector, and non-profit economic development organizations. Please refer to Exhibit 1, Organizations Providing Economic Development Services in Thurston County. The Strategy will suggest a number of ways to develop protocols to ensure that the collaboration is as effective as possible and remains so over time as partners, and their missions, evolve.

The Economic Element also acknowledges the current lack of a Comprehensive Economic Development Strategy, also known as a CEDS. A CEDS is a strategy-driven plan for regional economic development, normally developed at a county or regional level. A CEDS is required by the Economic Development Administration (EDA) of the U.S. Department of Commerce to qualify for grants, or funding for the establishment of revolving loan funds. The City and Thurston County are not considered economically distressed, and therefore, are not eligible for EDA funding. However,

the development of a CEDS would help to formalize, on a county/regional level, which partners provide which services, protocols for working together, and where to most effectively focus scarce resources.

Shortly after the Draft Element was created, and as the Strategy was being drafted, the Thurston Economic Development Council (EDC) began the process of developing a CEDS. The City supports this effort, and will participate in interjurisdictional meetings and champion this effort, which will be addressed in the Strategy.

ORGANIZATION OF STRATEGY DOCUMENT

This document outlines the specific strategies that will support and implement the goals and policies identified in the Element. Policies will be presented, followed by their supporting strategies. In some cases, a short narrative will be presented to provide clarification and context. In situations where the implementation of a policy is achieved by its recognition and adoption by Council, with no additional strategy needed, neither the policy nor the strategy will be presented in this document.

Strategies fall into three broad categories: legislative, cross-departmental, and those strategies specifically related to economic development activities. While all strategies will be included in this document, only those that are specifically related to economic development activities will be covered in detail in the Economic Development Work Plan. The metrics used to measure progress, the partners, and other resources needed to carry out the strategy are identified in a matrix which accompanies this document. Please refer to Exhibit 2.

Just as the roads and infrastructure must first be in place before the buildings in a neighborhood can be built, the City of Lacey's operational infrastructure must be in place before its Economic Development Strategy can be built, and its Economic Development Work Plan can be executed. Therefore the strategies related to the City's operational infrastructure are addressed in the Economic Development Strategy before those strategies that are exclusively related to economic development activities.

POLICIES & STRATEGIES

As discussed previously, there are no strategies included in this document for policies that require only the adoption by Council of the policy as an implementation measure. Those will be identified in the Strategy Matrix, Exhibit 2.

Policy 1-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.

Strategy 1-A (1): Participate locally and regionally in venues where land use, utilities, and other issues will be addressed that will impact businesses in Lacey.

Strategy 1-A (2): Develop programs to ensure that internal stakeholders are made aware of the benefits of businesses, their impact on businesses, and to break down silos.

Policy 1-B: Ensure Lacey's development process remains clear, predictable, timely, and efficient, by looking at ordinances, rules, permitting processes, and policies from the perspective of its business customers to avoid creating unnecessary obstacles.

Lacey's approach and commitment to customer service has been a key component of Lacey's success. While there are great examples of this every day, there are also situations where we could have done better. Internal customer service may be another area of opportunity for further enhancement.

Strategy 1-B (1): Ensure that customer service is always first rate, whether the customer is a citizen, a business, or another department within the City, by providing customer service training to all Lacey city employees.

Policy 1-C: Ensure Lacey provides adequate and accurate information so that landowners, developers, and businesses are able to make investment decisions.

Strategy 1-C (1): Intentionally support systems that can produce, provide, and communicate information.

Strategy 1-C (2): Ensure staff members have appropriate tools and training to provide accurate and timely information.

Policy 1-D: Ensure Lacey continues to improve and streamline necessary processes to provide excellent, efficient, and effective service to its customers.

Strategy 1-D (1): Develop internal processes to monitor existing and developing regulations, policies, and procedures in order to ensure obstacles are not unintentionally being created.

Policy 1-E: Balance the needs of businesses with the needs of citizens.

The interests of individual citizens, residents, workers, employees and businesses are inextricably linked, and not mutually exclusive. However, on occasion their interests might be in conflict.

Strategy 1-E (1): Support public process, community engagement and education, and mitigate potential impacts and conflicts.

Policy 2-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.

From time to time the residential real estate market can become overheated on a national level creating a bubble, such as occurred in 2004-2007. Sometimes that can be more localized when a community suddenly gains favor, or a rapid influx of new residents forces housing prices up. Events

such as these can create demand for additional developable land with residential zoning. While it can be tempting to rezone undeveloped parcels, especially larger parcels with more intense zoning adjacent to existing residential real estate developments, such rezonings can be detrimental to the long term economic health of a community.

Strategy 2-A (1): The City shall develop and adopt land use regulations that require that any down-zoning to residential use either be accompanied by, or follow an upzoning to a use of as-high or higher intensity to ensure that equally-developable commercial and industrial land is available.

Policy 2-B: Ensure that Lacey has an appropriate level of professional, customer-oriented, trained, and empowered employees to meet the needs of its customers.

Strategy 2-B (1): Implement a training needs assessment process, and develop a program for employees to obtain the training they need to maintain and enhance their professional skills.

Policy 2-C: Ensure Lacey has adequate, reliable, affordable, and user-friendly utilities and infrastructure to meet the needs of businesses in Lacey, now and in the future.

As a clarification, utilities and infrastructure considered in this policy include water provided by the City; sewer provided through a partnership between the City and LOTT; solid waste provided by LeMay Pacific Disposal; as well as electricity and natural gas, provided by Puget Sound Energy. Landline telephone, cellular telephone, television programming, and Internet are provided by a variety of vendors. Since these are a necessity for modern business, they are also included. Streets are considered separately under policy 2-D.

Strategy 2-C (1): Water, Sewer, and Stormwater are each covered with their own elements within, and consistent with, the Comprehensive Plan. As each of these elements is amended and updated, ensure they continue to meet the needs of Lacey businesses and maintain consistency with the Land Use Element.

Strategy 2-C (2): The City will continue to work cooperatively with its partners, and with the State to ensure an adequate supply of utilities and infrastructure are available when needed to meet the needs of businesses.

As technology has advanced, rules and regulations from the patchwork of federal and state agencies have not always kept up. Several different companies offering telephone, television programming, and Internet access may each be regulated differently with certain rights and responsibilities applicable to one, but not another. Among the issues to be balanced are access to services balanced against visual blight from cables and towers, and disruptions to traffic flow due to trenching; access to affordable services balanced against sufficient profits to encourage business innovation and recovery of costs for the City.

Strategy 2-C (3): The City will continue to work with the various agencies and its partners to ensure fairness in the market; to ensure citizens and businesses access to the best variety, quality, and value of these services; and to balance competing quality of life issues.

Policy 2-D: Ensure that street designs encourage all modes of transportation including transit, pedestrians, bicyclists, automobiles, and trucks/commercial vehicles.

Strategy 2-D (1): Complete a transportation plan based on multimodal and complete streets that will ensure street designs encourage all modes of transportation, including transit, pedestrians, bicyclists, automobiles, and trucks/commercial vehicles.

Policy 2-E: Work with partners to ensure that all areas of the City are appropriately served by public transit, based on where citizens live, work, learn, shop, and play.

Strategy 2-E (1): Work with Intercity Transit, the Thurston Economic Development Council (EDC,) and other partners to develop an on-going survey to determine where unmet transit needs exist within the City, and a means to meet those transit needs.

Policy 2-F: In the event of a disaster, natural or man-made, Lacey will take positive steps, as soon as possible, to do everything it can to help businesses reopen.

Strategy 2-F (1): Incorporate provisions to address the needs of businesses into the Emergency Response Plan.

Strategy 2-F (2): To speed recovery from a natural or man-made disaster, develop an expedited/triage/prioritization process for inspections, and issuance of temporary certificates of occupancy to allow business to temporarily re-open in damaged, but structurally safe buildings.

Strategy 2-F (3): To speed recovery from a natural or man-made disaster, develop an expedited/triage/prioritization process for Site Plan Review (SPR) and permit issuance for impacted businesses to rebuild and re-open.

Policy 2-G: Be proactive in ensuring that the City is ready to meet its business customers' needs by the time the needs arise.

Strategy 2-G (1): Work with other economic development partners to develop training and identify resources for business preparedness and business resiliency.

Policy 3-A: Continue to work collaboratively with partners through frequent contact to foster relationships, stay current, and adjust to changes in partners' services and needs.

Strategy 3-A (1): Establish Memoranda of Understanding (MOUs) with partners to spell out expectations of who provides which services, protocols for referrals and follow-up, and communication. This would likely be strengthened through the development of a CEDS (Strategy 3-B (1)).

Policy 3-B: Work with the EDC, and other partners, to determine what opportunities, if any, the area is missing due to a lack of a CEDS. Lacey will work with the partners to develop a CEDS if appropriate.

As mentioned earlier, shortly after the Draft Element was created, and as the Strategy was being drafted, the EDC began the process of developing a CEDS. The City supports this, and will participate in interjurisdictional meetings and champion this effort, which will be addressed in the Strategy. The following strategy is based on the reality of the CEDS already being in development.

Strategy 3-B (1): Work with partners to develop a CEDS that includes MOUs that address services and protocols for referrals, communication, and follow-up with clients.

Policy 3-C: Strengthen partnerships with educational institutions including South Puget Sound Community College (SPSCC), St. Martin's University, and North Thurston Public Schools.

Strategy 3-C (1): Include educational institutions in the development of the CEDS and the MOUs.

Strategy 3-C (2): Develop regular interactions to foster relationships with educational institutions.

Strategy 3-C (3): Ensure educational programs are matched with workforce needs.

Policy 3-D: Strengthen partnerships with the Port of Olympia and Pacific Mountain Workforce Development Council.

Strategy 3-D (1): Include the Port of Olympia and Pacific Mountain Workforce Development Council in the development of the CEDS and the MOUs.

Strategy 3-D (2): Identify opportunities to develop strategic joint partnerships with the Port for projects in Lacey.

Policy 3-E: Work with partners to attract businesses to locations where they will be successful.

As a clarification, this policy is about three things: working effectively with partners, business attraction, and the approach to working with businesses to find sites where they will be successful.

Strategy 3-E (1): Include attraction of businesses in MOUs with partners, and in CEDs.

Strategy 3-E (2): As the natural next step in the City's business retention and expansion program, work with economic development partners to partner with existing Lacey businesses to help them expand by encouraging their suppliers, customers, and strategic partners to locate in Lacey.

Strategy 3-E (3): Working with developer and property-owner partners, pursue opportunities for sales-tax generating businesses.

Strategy 3-E (4): Working with partners, based on the analysis of Strengths, Weaknesses, Opportunities, and Threats (SWOT,) the industry clusters currently in place, and emerging clusters, develop a marketing plan to attract these businesses to the region.

Strategy 3-E (5): Whenever working with a business on activities that include site selection, ensure

that the primary consideration for site selection is identifying a location where the business will be successful.

Policy 3-F: Continue to support a culture of dialog and partnership among City officials, residents, property owners, the business community, JBLM, community partners, and other governmental agencies.

The City has a long-standing tradition of seeking extensive public engagement with residents, and other stakeholders. The City, City officials, and the Council also maintain relationships with JBLM, and with other governmental agencies.

Strategy 3-F (1): Implement a citizen participation plan, and continue active participation in the South Sound Military Partnership (SSMP.)

Strategy 3-F (2): Develop a business roundtable.

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

Strategy 3-G (1): In cooperation with partners, develop a formal Business Retention and Expansion program (BRE) program.

Strategy 3-G (2): Develop a feasibility study to determine if a Public Market should be established to foster the development of new successful businesses by local entrepreneurs.

Policy 3-H: Maintain a joint planning program with Thurston County to foster consistent land use designations and development standards and transportation corridors—for both residents and commerce—in the incorporated and unincorporated portions of the Lacey Urban Growth Area.

Strategy 3-H (1): Consider updating the MOU with the County to clearly communicate processes and protocols for ensuring this effort continues successfully.

Policy 4-C: Implement the City's vision, without sacrificing standards, ensuring that all landowners and developers are treated fairly and equitably, and based on the unique needs of the project and site.

Strategy 4-C (1): Support public process, community engagement and education, and mitigate potential impacts and conflicts.

Policy 5-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.

Strategy 5-A (1): Ensure that appropriate staff stay current with best practices in the field of economic development.



Strategy 5-A (2): In cooperation with partners, develop a formal BRE program.

Strategy 5-A (3): Develop a feasibility study to determine if a Public Market should be established to foster the development of new successful businesses by local entrepreneurs.

Strategy 5-A (4): As part of the City's business retention and expansion program, partner with existing Lacey businesses to help them expand by encouraging their suppliers, customers, and strategic partners to locate in Lacey.

Strategy 5-A (5): Work with developer and property-owner partners to pursue opportunities for sales-tax generating businesses.

Strategy 5-A (6): Work with partners, based on SWOT, the industry clusters currently in place and emerging clusters, to develop a marketing plan to attract these businesses to the region.

Strategy 5-A (7): Explore feasibility, scope, and type(s) of incubator(s) to support development of successful locally-owned businesses.

Policy 5-B: When needed for projects that will enhance the City's vision, use incentives as part of a targeted strategy that will create value, create better long-term results, and/or to cure a particular problem or competitive weakness.

Strategy 5-B (1): Research best practices and, based on SWOT and City policies, develop a selection of possible incentives programs that could be adopted by Council.

Strategy 5-B (2): Incentive programs should be reviewed periodically to ensure that they are working as intended, are effective, and adjustments are made as needed.

Policy 5-C: In the instances when incentives are used, the incentive will be based on the concept of "gain share", meaning that the incentive earned and paid to the qualifying business represents a portion of revenues that the City has already collected, and would not have collected had the business not located/expanded within Lacey.

Strategy 5-C (1): Develop incentive programs based on concept of gain share.

Policy 5-D: To the extent that incentives are used, they will be focused to also achieve both smart-growth and economic development objectives by helping to make redevelopment of existing sites already served by infrastructure, public transit, and near worker housing more financially competitive with development of greenfields.

Strategy 5-D (1): Develop incentive programs that will also achieve smart-growth objectives.

Policy 5-E: Review and adjust all of its fees regularly to ensure that fees are appropriate; fair; balance smart growth goals with business needs; encourage investment; and foster business creation, retention, expansion, and attraction.

Strategy 5-E (1): Develop a process, tracking system, and identify resources to ensure this happens.

Strategy 5-E (2): As part of the review of incentives needed, and those paid, identify which were necessitated by the City's own fees to determine if City fees are at a level that pose a competitive disadvantage to the City's economic vitality.

Thurston County Economic and Community Development Matrix

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Does not apply		(blai

City of Lacey Economic Development Strategy Exhibit 2 Matrix of Goals and Policies to Metrics, Resources, and Partners Updated May 17, 2016 by George Smith

Policy (Short name)	Strategy#	Strategy Name	Metric(s)	Resource(s)	Partner(s)	Notes
1A-Recognize positive impact of business	1A(1)	Participate in venues where issues impacting Lacey businesses will be addressed	Numbers of relevant participations	(A) Adequate staffing to participate (B) Adequate budget to participate	EDC, APA, IEDC, MRSC	Non-local partners likely sources of information and/or conveners
	1A(2)	Develop internal stakeholder awareness programs	(A) Progress toward development of programs (B) Success of programs	(A) Adequate staffing to participate (B) Adequate budget to participate (C) Clear communication from leadership that sincere engagement by internal stakeholders is an expectation	Internal stakeholders	
1B-Development process clear, predictable, timely, and efficient	1B(1)	Implement customer service training program	(A) Tracking customer satisfaction surveys (B) Tracking training attendance	(A) Adequate staffing to participate (B) Adequate budget to participate (C) Clear communication from leadership that sincere engagement by internal stakeholders is an expectation	Educational partners	Partner SPSCC may be source of training
1C-Provide adequate and accurate Information	1C(1)	Intentionally support systems that produce, provide, and communicate information	(A) Determine which systems work best, and which need enhancement, by tracking customer satisfaction surveys (B) Effective communication is a key component of good customer service training, so will be addressed through training attendance (Strategy 1B(1))	(A) Adequate staffing to participate (B) Adequate budget to participate (C) Clear communication from leadership that sincere engagement by internal stakeholders is an expectation	Educational partners	Partner SPSCC may be source of training
	1C(2)	Ensure staff have tools & training to provide accurate and timely information.	(A) Tracking customer satisfaction surveys to identify training gaps (B) Individual staff training needs assessment (C) Training attendance	(A) Adequate staffing to participate (B) Adequate budget to participate (C) Clear communication from leadership that this is an expectation	Educational partners	Partner SPSCC may be source of training, along with relevant professional associations
1D-Ensure streamlined processes	1D(1)	Develop internal process to monitor existing & developing regulations, policies, & procedures to avoid creating obstacles	(A) Tracking customer satisfaction surveys to identify process problems (B) Tracking progress toward process simplification	(A) Adequate staffing to participate (B) Adequate budget to participate (C) Clear communication from leadership that sincere engagement by internal stakeholders is an expectation	Educational partners	Partner SPSCC may be source of training, or othe source (LEAN process)
1E-Balance business and citizen needs	1E(1)	Support public process, community engagement and education, and mitigate potential impacts of conflicts	(A) Tracking public engagement occasions (B) Tracking public education occasions (C) Quantitative and qualitative analysis of defined conflicts	(A.) Staff time for participation in, tracking of, public engagement and education activities. (B.) Staff time for analysis of conflicts.	N/A	Depending on the issue, the City may have non- economic development partners who can provide venue, introduce stakeholders, or otherwise facilitate.

2A-Ensure adequate supply developable and appropriately zoned land	2A(1)	Downzoning to residential must be matched with upzoning of equal or greater amounts and quality of land	Tracking of downzoning and upzoning	Small amount of staff time	N/A	Overheated housing markets can cause enormous political pressure to be placed on Councilmembers to downzone prime parcels to residential
2B-Ensure appropriate level of professional, customer-oriented, trained, and empowered staff	2B(1)	Implement training needs assessment (identified in Strategy 1C(2)) and develop program for employees to obtain professional training to enhance their skills	(A) Tracking customer satisfaction surveys (B) Tracking needs assessments, and (C) Tracking training attendance and progress towards training needs fulfillment.	(A) Adequate staffing to participate (B) Adequate budget to participate	Educational partners	Partner SPSCC may be source of training, along with relevant professional associations
2C-Adequate, reliable, affordable user-friendly utilities	2C(1)	As utility elements are amended ensure they continue to meet needs of Lacey businesses	Determination that business needs are considered when Utility Elements are updated	Small amount of staff time	N/A	
2C	2C(2)	Work cooperatively with partners to ensure adequate utilities & infrastructure	Tracking and assessment of utility & infrastructure needs will be included in BRE program (Strategy 3G(1))	Same resources identified for BRE program	Same as BRE program	
2C	2C(3)	Work with appropriate agencies to ensure fairness in market; and access to best quality, variety, & value to telecommunications, television programming, and internet access		Same resources identified for BRE program	Same as BRE program	
2D-Street designs include all modes including trucks/commercial vehicles	2D(1)	Complete transportation plan based on multi-modal & complete streets encouraging all modes of transportation, including trucks/commercial vehicles		Same resources identified for BRE program	Same as BRE program	
2E-Appropriate level of public transit	2E(1)	Work with Intercity Transit to survey & identify unmet transit needs	Subsequent surveys of Lacey businesses and their employees and develop a means to meet unmet needs	Staff time	EDC, Intercity Transit	
2F-Do everything possible to help businesses reopen after a disaster	2F(1)	Incorporate provisions to address the needs of businesses into the Emergency Response Plan	Timeline tracking for developing process	Staff time to research, develop process, and develop provisions	EDC	
2F	2F(2)	Develop expedited inspections to get damaged businesses re-opened after disaster	Timeline tracking for developing process	Staff time to research, develop process, and provide training	N/A	
2F	2F(3)	Develop expedited SPR process to enable damaged businesses rebuild after disaster	Timeline tracking for developing process	Staff time to research, develop process, and implement	N/A	

2G-Proactive meeting	2G(1)	Work with ED partners to	Timeline tracking for developing	Staff time to work on research,	EDC, LSSCofC and other	This would be developed
businesses' needs as they arise		develop business preparedness & resiliency program	process, and track business assisted	development, and implementation	ED partners	and implemented with partnersNOT a City-only project
3A-Effecitve collaboration with partners	3A(1)	Establish MOUs with partners	Timeline tracking for developing MOUs, and track compliance with MOU terms	Staff time to develop MOUs	All ED partners	Process would be enhanced through development of a CEDS Strategy 3B(1)
3B-Develop a CEDs	3B(1)	Work with partners to develop a CEDS that includes MOUs that address services and protocols for referrals, communication, and follow- up with clients	(A) Timeline tracking for development of CEDS (B) Tracking progress toward development and implementation of MOUs	Staff time to participate in process	Directly EDC, secondarily all ED partners	
3C-Strenghten partnerships with educational institutions	3C(1)	Establish MOUs with educational institution partners	Timeline tracking for developing MOUs, and track compliance with MOU terms	Staff time to develop MOUs	These ED partners	Process would be enhanced through development of a CEDS Strategy 3B(1)
	3C(2)	Develop regular interactions to foster relationships with educational institutions	Tracking interactions	Staff time to participate in process		Framework for interactions likely identified in MOU
	3C(3)	Ensure educational programs are matched with workforce needs	Tracking and assessment of these needs will be included in BRE program (Strategy 3G(1))	Same resources identified for BRE program	Same as BRE program	Special emphasis on PacMtn.
3D-Strengthen partnerships with Port and Pacific Mountain Workforce Development Council	3D(1)	Ensure inclusion in CEDS process, and establish MOUs with these ED partners	Timeline tracking for developing MOUs, and track compliance with MOU terms	Staff time to develop MOUs	These ED partners and EDC	
	3D(2)	Identify opportunities to develop strategic joint partnerships with the Port for projects in Lacey	Timeline tracking for developing process, determining needs, and researching options	Staff time to research, develop process, and develop options		
3E-Attract business to locations where they will be successful	3E(1)	Include business attraction in MOUs (Strategy 3A(1)) and in CEDs (Strategy 3B(1))	Metrics of each of component strategies	Resources of each of component strategies	All ED partners	
3E	3E(2)	Include attraction in development of Business Retention and Expansion program (BRE)	Timeline tracking of development of BRE, activity in BRE, follow-up with businesses	Staff time to develop, administer, and track BRE; software to track tasks, referrals, and follow-up	Directly EDC, secondarily all ED partners	This Strategy is included in support of 3E(2), 3G(1), 5A(2), and 5A(4)
3E	3E(3)	Pursue sales tax generating businesses	Timeline for developing plan; tracking activities and sales tax collections	Staff time, expenses associated with business recruitment, cost of incentives	Commercial brokers, retail property owners	
3E	3E(4)	Develop cluster-based business attraction program	Timeline for developing plan; tracking activities, businesses, jobs, and economic impact	Staff time, expenses associated with business recruitment, cost of incentives	All ED partners	
3E	3E(5)	Ensure that the success of the business is the primary consideration in site location selection assistance	Incorporate this requirement into MOUs with partners, and all plans and programs	Staff time to incorporate into MOUs, plans, and programs will be minimal	All ED partners	

3F-Support culture of dialogue with all partners and stakeholders, including	3F(1)	Implement a citizen participation plan, and continue active participation in South	(A) Timeline tracking for developing process (B) Tracking of stakeholder participations (C) Tracking of participations in	Staff time to work on research, development, implementation, and tracking	EDC, LSSCofC and other ED partners	
JBLM		Sound Military Partnership (SSMP)	SSMP.			
3F	3F(2)	Develop a business roundtable	Timeline tracking for developing process	Staff time to research, develop process, and implement	N/A	Would likely be fostered by BRE program
3G-Focus resources on BRE and fostering thriving business environment	3G(1)	With partners, develop formal BRE program	Timeline for developing plan; tracking activities, businesses, jobs, and economic impact	Significant staff time, costs for database software, expenses associated with business recruitment, cost of incentives	All ED partners	This Strategy is included in support of 3E(2), 3G(1), 5A(2), and 5A(4)
3G	3G(2)	Develop Public Market feasibility study	Timeline for developing study; if seemingly feasible, timeline to develop work plan toward establishment	consultant services/outside resources	Possibly EDC and or LSSCofC to identify potential retail entrepreneurs	
3H-Maintain joint planning program with County	3H(1)	Update MOU with County	Timeline tracking for developing MOU, and track compliance with MOU terms	Staff time to develop MOU	County	
Policies 4A and 4B relat	e to ethics and	policies. No strategies, met	rics, partners, or resources are nece of the Eleme	essary since implementation will occur nt.	by Council adopting these	policies as part
4C-Implement City's vision, maintain standards, ensure landowners and developers treated fairly and equitably based on project and site	4C(1)	Support public process, community engagement and education, and mitigate potential impacts and conflicts	surveys to identify issues (B)	(A) Adequate staffing to participate (B) Adequate budget to participate (C) Clear communication from leadership that sincere engagement by internal stakeholders is an expectation		
5A-Utilize all resources to encourage business formation, attraction, and BRE	5A(1)	Ensure all appropriate staff stay current with best practices in the field of economic development	Metrics of 2B(1) specific to staff with economic development responsibilities	Costs for training, and staff time for training	Organizations providing professional economic development training	Relevant professional associations would include International Economic Development Council, National Development Council, and others
5A	5A(2)	With partners, develop formal BRE program	Timeline for developing plan; tracking activities, businesses, jobs, and economic impact	Significant staff time, costs for database software, expenses associated with business recruitment, cost of incentives	All ED partners	This Strategy is included in support of 3E(2), 3G(1), 5A(2), and 5A(4)
5A	5A(3)	Adoption of Strategy 3G(2) feasibility study for Public Market	Timeline for developing study; if seemingly feasible, timeline to develop work plan toward establishment	Staff time, potentially some need for consultant services/outside resources	LSSCofC to identify potential retail entrepreneurs	
5A	5A(4)	Adoption of Strategy 3E(2) include attraction in BRE	Timeline tracking of development of BRE, activity in BRE, follow-up with businesses	Staff time to develop, administer, and track BRE; software to track tasks, referrals, and follow-up		This Strategy is included in support of 3E(2), 3G(1), 5A(2), and 5A(4)
5A	5A(5)	Adoption of Strategy 3E(3) partner with developers and property owners to attract sales tax generating businesses	Timeline for developing plan; tracking activities and sales tax collections	Staff time, expenses associated with business recruitment, cost of incentives	Commercial brokers, retail property owners	

5A	5A(6)	Adoption of Strategy 3E(4) with partners, develop	Timeline for developing plan; tracking activities, businesses,	Staff time, expenses associated with business recruitment, cost of	All ED partners	Process would be enhanced through
		business attraction		incentives		development of a CEDS
		program based on SWOT,				Strategy 3B(1)
		current, and emerging				
	5A(7)	clusters Explore feasibility, scope,	(A) Progress toward development	(A) Significant staff time to develop	EDC and other ED	This would be a long-term
	5A(7)		, ,	RFP, scope, work with consultant,	partners	multi-year process
		to support development of		and implement recommendations	partitions	involving active
ļ		successful locally-owned		(B) Adequate staffing to operate		engagement by ED
		businesses.		incubator if recommended (C)		partners, with potential for
ļ			of outcomes	Adequate budget to conduct study,		significant positive impact
				and implement recommendations		
5B Use incentives to	5B(1)	Develop alternatives based	Timeline for developing	Staff time, expenses associated	Will likely involve some	
create value, better long-		on best practices, SWOT,	alternatives, seeking input on best		ED partners	
term results, and		and policies	1-1	incentives		
mitigate competitive			implementing plan; subsequent			
weaknesses			tracking of results			
5B	5B(2)		Timeline for tracking and	Staff time, expenses associated	Will likely involve some	
ļ		periodically, adjust as	evaluating results and adjustments		ED partners	
D.II.: 50 15D	., .	needed		incentives	<u> </u>	
Policies 5C and 5D sp	pecify charac	teristics of any incentives that	adopting these policies as p	n, metrics, partners, or resources are a art of the Element	necessary since implement	ation will occur by Council
	5E(1)	Develop a process,	Timeline for tracking and	Staff time, potential consultant	N/A	
fees regularly to ensure		tracking system, and	evaluating results and adjustments			
fairness; balance smart-		identify resources to ensure		when fees are adjusted		
growth goals with		this happens				
business needs; and						
anagurage investment						
encourage investment,						
business attraction, and						
business attraction, and BRE		Davelon a process to	Timeline for tracking and	Staff time notential consultant	NI/A	Potentially costs for some
business attraction, and BRE	5E(2)	Develop a process to	Timeline for tracking and	Staff time, potential consultant	N/A	Potentially costs for some
business attraction, and BRE		Develop a process to determine which fees necessitated incentives	Timeline for tracking and evaluating results and adjustments		N/A	Potentially costs for some incentives might be reduced if fees were also

Policies 5F and 5G relate to partnerships with local educational institutions and greater collaboration between businesses, partners, and JBLM. No specific strategies for these policies are included because their implementation will occur though a combination of other strategies already listed.

Glossary of Abbreviations

APA American Planning Association

BRE Business Retention and Expansion program
CEDS Comprehensive Economic Development Strategy

ED Economic Development

EDC Thurston Economic Development Council
IEDC International Economic Development Council
LSSCofC Lacey South Sound Chamber of Commerce

MOU Memorandum of Understanding

MRSC Municipal Research and Services Center

PacMtn. Pacific Mountain Workforce Development Council

SSMP South Sound Military Partnership

SPSCC South Puget Sound Community College