



Port of Chehalis Comprehensive Plan

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PORT OF CHEHALIS COMPREHENSIVE PLAN 2006

Summary of Plan Revisions

Overall

- The plan has been revised to read less like a how-to manual and more like a policy level document with goals, objectives, and specific strategies.
- The plan was edited to remove unnecessary wordiness and improve reading ease.
- Sections of the plan that were inconsistent with this policy focus were streamlined or are proposed for removal altogether.
- Added Chapter 3: Goals, Objectives, and Strategies.

Chapter I: Introduction

- Some reorganization; the chapter starts with the mission in its most general sense and then the focus narrows to vision, goals, and objectives and a summary of implementation action items.
- Reconciled new specific goal and objective language with existing policy language.

Chapter 2: History and Existing Conditions

- Deleted content of Relationship of Port to other Entities. References to interrelationship between partners are integrated throughout the plan.
- Port to add map showing property under Port's ownership.
- Cut taxing authority section and moved it to new Chapter 4: Financial Plan
- Streamlined Area Economy and Industrial and Commercial Land Absorption and moved from old Chapter 3 to this chapter
- Updated population and median household income data.

Chapter 3: Marketing Strategy (OLD)

- Removed previous Chapter 3: Marketing Strategy.

Chapter 3: Goals, Objectives, and Strategies (NEW)

- Developed specific goals, objectives, and strategies for this new chapter.

Chapter 4: Relationship of Port to Industrial Development Districts (OLD)

- Previous Chapter 4: Relationship of Port to Industrial Development District is now Appendix B. This appendix contains IDD information as well as development standards for the Port.

Chapter 4: Financial Plan (NEW)

- Shifted text from old Chapter 6 to Chapter 4.
- Renamed what was the Business Policies and Objectives section; now it is called Business Practices to more accurately reflect the Port's need for flexibility to adapt to changing conditions.

Chapter 5: Capital Project Planning

- Edited to narrow its focus on how project feasibility is determined.
- Removed from the Comprehensive Plan text, since the CIP list is updated annually, and is now located in the appendix, enabling the Port to remove and replace the CIP easily each year.

Chapter 6: Capital Improvement Plan (OLD)

- Moved portions of this chapter to the new Chapter 5: Capital Project Planning.
- Moved actual list of projects to the appendix.

Chapter 7: Plan Adoption

- Currently blank. The Port should include a brief description of the plan adoption process, affidavit of publication, notes/materials from any public meetings held to review the revised plan, and minutes from adoption hearing.

Appendix

- Removed copies of RCW code sections on harbor improvements and industrial development district and dated sewer capacity memo.
- Added CIP

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CHAPTER I: INTRODUCTION

A. PURPOSE OF THE COMPREHENSIVE PLAN

This Comprehensive Plan has been prepared to meet the following Port needs:

1. Establish short- and long-term planning and development goals and implementation strategies.
2. Provide a plan to develop and enhance the economic diversity of Lewis County. This plan will be a flexible guideline for the Port Commissioners to make sound fiscal policy and planning decisions.
3. Provide a strategy for retaining existing business and attracting new business and industry to enhance local economic diversification efforts.
4. Adopt a prioritized Capital Improvement Plan and feasible funding strategy.
5. Provide the community and potential customers with an overall understanding of the Port of Chehalis.
6. Comply with state law (RCW 53.20¹) that requires that the Port prepare and adopt a “comprehensive scheme of harbor improvements” prior to expenditure of funds for improvement of property.

B. MISSION, VISION, & GOALS

1. MISSION

The Port of Chehalis will be a catalyst for economic growth and diversification by recruiting new business and industry and supporting the retention and expansion of existing ones.

2. LONG-RANGE VISION

Since its formation in 1986, it has been the Port’s goal to encourage economic development and job creation. It is also important to the Port to preserve the high quality of life historically enjoyed by area residents, recognizing that this feature is one of the Port’s strongest marketing assets. The economic vitality of a community is an integral part of a high quality of life for its citizens. Increased employment opportunities, a reduction in unemployment, and increases in real incomes can improve the overall quality of life in the area.

In working to achieve its goals, the Port will focus its primary business efforts on industrial and commercial development. The Port will work to induce environmentally responsible private investment that will create increased employment opportunities. The Port will seek capital investments that provide increased benefit to Lewis County, including added tax revenues generated from the Port’s investment to provide services within the community and offset the tax burden of its constituents.

The Port is a leader and a team player in local economic development efforts. It will promote growth and development in a responsible, planned manner, always remembering

¹ See Appendix for Related RCW

the public's interests and needs in its decisions. The Port will promote new business investments that will assist the local economy in becoming diverse and non-seasonal, and will provide family-wage opportunities.

The Port will always maintain these core values:

- Working as a team
- Managing Port resources prudently
- Maintaining a high quality work force at the Port and in its community
- Furthering environmental responsibility
- Acting as a responsible governmental agency in the best interests of the public and its taxpayers
- Striving for total customer satisfaction
- Seeking innovative solutions that benefit the community in increased jobs and business
- Communicating effectively

3. GOALS AND OBJECTIVES

The following is a list of the goals and objectives that support the Port's mission and vision:

GOAL 1: INCREASE THE ECONOMIC VITALITY OF THE PORT AND LEWIS COUNTY.

Objective 1.1: Increase inventory of shovel-ready development sites, including a mix of site sizes (i.e., 5-acre to 50-acre) to meet market conditions.

Objective 1.2: Continue land acquisitions at or below average market rates, to the extent possible.

Objective 1.3: Recruit businesses whose wage structure is higher than the current countywide average, over time achieving parity with the statewide average.

Objective 1.4: Recruit businesses with a range of 5-7 jobs per acre.

Objective 1.5: Improve the quality of service and cost effectiveness of rail to Port properties.

Objective 1.6: Develop and implement marketing plans to aggressively pursue new tenants for development of Port property.

Objective 1.7: Work to retain and enhance existing tenants of Port property.

GOAL 2: BE A VISIBLE ECONOMIC DEVELOPMENT LEADER WITHIN THE REGION.

Objective 2.1: Participate in local, county, regional, state, Tribal, and federal land use, environmental, and transportation projects or other issues that may impact or influence the Port.

Objective 2.2: Partner with the EDC, the Industrial Commission, the Chamber of Commerce, other ports, Centralia Community College, and others as appropriate to develop an annual unified list of countywide economic development legislative priorities.

GOAL 3: INCREASE LEVEL OF CONSTITUENT SUPPORT FOR THE PORT AND ITS INITIATIVES.

Objective 3.1: Communicate regularly with Port stakeholders to educate them on the Port's mission, goals, and objectives; keep them updated on Port activities; and seek input on key issues and initiatives as appropriate.

Objective 3.2: Maintain and improve the working relationship of the Port District with other governmental agencies, economic development organizations and the community.

Objective 3.3: Develop new partnerships that will increase the level of support for the Port's initiatives.

C. FIVE-YEAR PLAN SUMMARY

The Port will become a more active leader in economic development within the region with a more aggressive focus on development of the Port of Chehalis Industrial Park and implementation of the Port's Capital Improvement Plan.

Specific tasks to be undertaken over the next five years in support of the 2006 Comprehensive Plan include:

1. Participate in local, county, regional, state, Tribal, and federal land use, environmental, and transportation projects or other issues that may impact or influence the Port of Chehalis.
2. Partner with the EDC, the Industrial Commission, the Chamber of Commerce, and others as appropriate to develop an annual unified list of countywide economic development legislative priorities.
3. Increase inventory of shovel-ready development sites, including a mix of site sizes (i.e., 5-acre to 50-acre).
4. Recruit businesses whose wage structure is higher than the countywide average, over time achieving parity with the statewide average.
5. Recruit businesses with a range of 5-7 jobs per acre.
6. Develop and implement marketing plans to aggressively pursue new tenants for development of Port property.
7. Communicate regularly with Port stakeholders to educate them on the Port's mission, goals, and objectives; keep them updated on Port activities; and seek input on key issues and initiatives as appropriate.
8. Complete an industrial site survey and market analysis.
9. Coordinate with rail providers to extend rail service to Curtis Industrial Site and sites accessible to current rail alignment.
10. Identify potential areas for annexation into the Port District boundaries.
11. Cooperate with other entities for the maintenance and improvement of local infrastructure, such as water, sewer, transportation, and wastewater facilities.
12. Complete an economic impact study of the Port District.
13. Promote the South Puget Sound Foreign Trade Zone and continue serving on the Policy Committee.
14. Continue to coordinate development efforts with the Industrial Commission, a privately owned corporation, other neighboring landowners, existing Port tenants, and other private entities.

15. Support local tourism projects as appropriate; these could include the potential linkage of the Port's walking trail with the City's rails to trails project and the Chehalis-Centralia Railroad Association's steam train operation.
16. Continue to explore opportunities for public-private partnerships when beneficial to the Port District.
17. Support the siting, acquisition, and construction of the I-5/LaBree Road interchange.
18. Participate in the legislative process to further the interests of the Port, its tenants, and taxpayers.
19. Investigate industrial/commercial sites within the Port District for purchase.
20. Maintain the development potential of the Curtis Industrial Site.
21. Participate in extension of Rush Road from Maurin Road to Bishop Road (including utilities).
22. Facilitate improvements to Industrial Park that make it more marketable.

CHAPTER II: HISTORY & EXISTING CONDITIONS

A. PORT OF CHEHALIS HISTORY

1. HISTORY OF WASHINGTON PORTS

Each of the 76 ports in Washington has its own characteristics. Ports range in size, the scope of their facilities and operations, and their locations—some are on water, while others are far inland.

Historically, private owners—primarily railroads—exercised monopolistic control over shipping rates and made arbitrary decisions about which products were allowed to pass across the wharves. In order to promote and protect all commerce, the state legislature responded in 1911 by authorizing the public ownership and management of Washington’s ports. The legislature passed an enabling act permitting the creation of public port districts. On a broad scale, ports engage in economic development activities. Ports are the only public agencies whose primary mission is to spur economic development. Ports do this by acquiring, developing, leasing or selling, operating, and maintaining facilities for all forms of transfer—air, land and marine—in accordance with RCW 53.08.

2. FORMATION OF PORT OF CHEHALIS

Before the successful formation of the Port of Chehalis in 1986, there were at least two attempts to form a countywide port district in Lewis County. The Port was formed during a three-year window of opportunity during which the legislature authorized the formation of less-than countywide port districts through voter approval. Lewis County put three potential port districts on the ballot in 1986: Centralia, Chehalis, and Toledo/Winlock. The voters approved the Centralia and Chehalis port districts.

3. GOVERNANCE

A three-member Port Commission governs the Port of Chehalis. All of the Commissioners are elected by all of the voters within the district. All the Commission members serve six-year terms that are staggered so one commissioner is elected every two years.

The Commission sets policy and delegates authority for the day-to-day operations of the Port District to its Executive Director and staff.

4. DESCRIPTION OF PORT OF CHEHALIS

The Port of Chehalis is located along Interstate 5 (I-5) in Lewis County, Washington. It lies halfway between Portland, Oregon, and Seattle, Washington. The Port District consists of approximately 95 square miles. See Figure 1: Port District Boundary, below.

The Port's original boundaries were the same as those of the Chehalis School District. In 1996, approximately 11 miles of the CM&E Rail Line and 40 acres of unimproved land (known as the Curtis Industrial Site) were annexed into the Port District.

Most Port property is located within the City of Chehalis UGA, but it is under the authority of unincorporated Lewis County. Figure 2, below, depicts property under the Port's ownership.

The Port is considered a dry port; it is not located next to or near a body of water. Its chief business is the development of industrial and commercial property, and its primary efforts currently involve the Chehalis Industrial Park area, although it can undertake projects anywhere within its district boundaries.

5. METHODS FOR MOVING COMMERCE

The Port is well situated to achieve the purpose for which the system of Washington public ports was created—the preservation and promotion of commerce through the movement of goods—because it is close to all the major transportation networks that serve the West Coast. Road, rail, air, and marine transportation systems are in place and provide immediate, direct access to all industrial sites throughout the County as well as locations throughout the US and abroad. The Port's location is ideal for the movement of commerce.

a. Road System

I-5 connects the Port's industrial areas with the West Coast's metropolitan areas and with trade centers from Canada to Mexico, as well as with major inland cities by connecting interstate routes. I-5 crosses the center of the Port north to south, and two I-5 interchanges access the Port. Construction on the LaBree interchange is scheduled to begin in 2007. Interstate 84, extending from the Midwest to Portland, passes through the Columbia River Gorge and is open year-round, with no high passes over the Cascades to slow traffic. Lewis County is serviced by major transcontinental, regional, and local motor carriers. Highway 12, approximately 9 miles south of the Port's current industrial development area, serves eastern Washington and is open year-round.

b. Rail System

Burlington Northern Santa Fe (BNSF), Union Pacific (UP), and Amtrak connect Lewis County with the major US cities. These lines are all at river grade through the Cascade Mountains, with no mountain passes. Railroads do not have to contend with heavy metropolitan traffic anywhere in Lewis County.

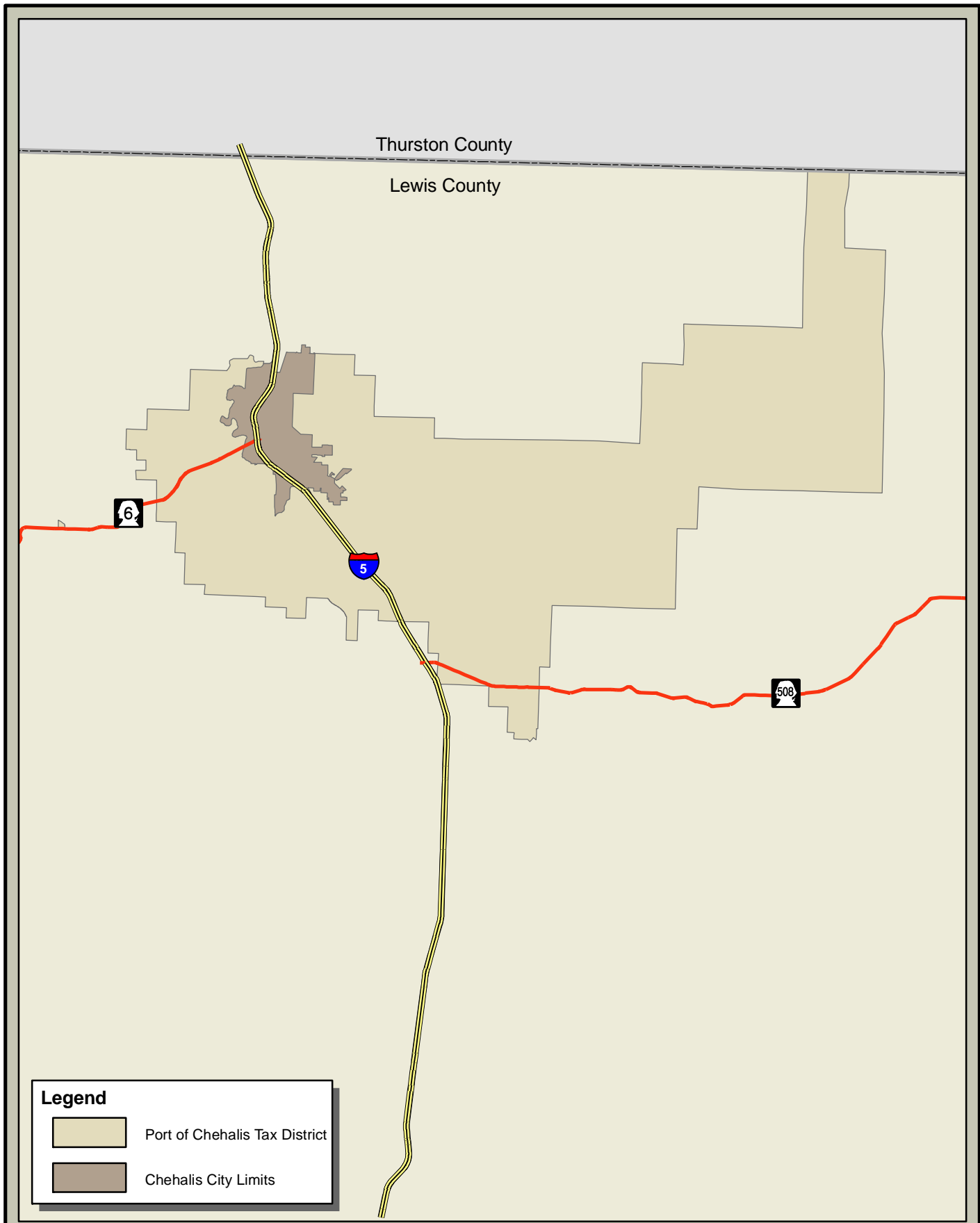
The Port owns 10 miles of track, which service the Chehalis Steam Train, as well as 300+ acres of industrial property at the Curtis Industrial Site. The Curtis and Chehalis sites have both BNSF and UP access.

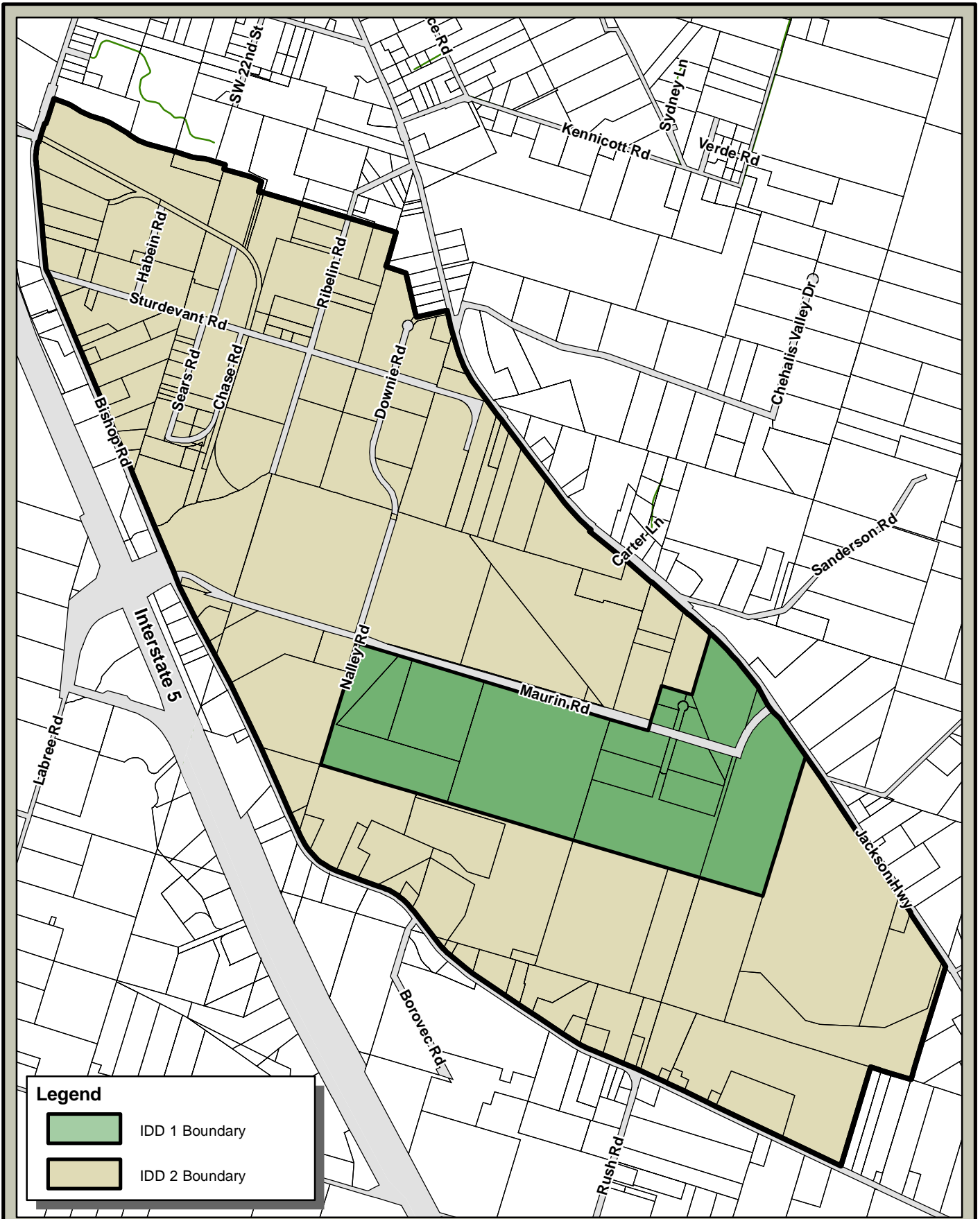
c. Air System

Portland International Airport is 80 miles south of Chehalis via I-5 and I-205. SeaTac International Airport is 80 miles north of Chehalis via I-5. The Chehalis-Centralia Airport in the Port District offers a light utility air service with a 5,000- foot lighted concrete runway. Instrumentation approach facilities are available, and the emphasis of growth is focused on corporate travel. The Olympia Airport is approximately 25 minutes north on I-5 and is a general utility type of airport.

d. Marine System

The deep draft shipping channel in the Columbia River indirectly connects the Port with the countries of the Pacific Rim and major world ports. The Port is 45 minutes north of the Port of Longview, where access to marine shipping routes is available. Goods are shipped by barge on the Columbia River, reaching as far east as Lewiston, Idaho, 465 miles from the Pacific Ocean. All inland port locations offer rail transshipment. Several other deep-water ports located within an hour's drive of the Port offer containerized shipping and other services; these include Tacoma, Olympia, Grays Harbor, Kalama, and Longview.



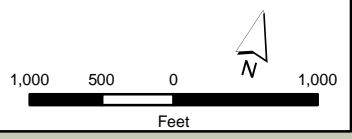


Legend

- IDD 1 Boundary
- IDD 2 Boundary



Figure: 2
 Project Name: Port of Chehalis Comprehensive Plan
 Drawing Name: Port Property Map
 Location: Chehalis, Washington
 Source: Lewis County GIS, 2005



DES:	CZ	05/10/06
DRW:	CZ	05/10/06
CHK:	JW	05/10/06
APP:	JW	05/10/06
REV:		
PRJ:	# 04-131-2	

B. AREA ECONOMY

1. HISTORICAL ECONOMIC ACTIVITY

When settlers first entered the Lewis County area, they came to harvest the enormous forest resources. This enterprise brought with it a strong work ethic and people dedicated to getting a job done.

Retail and service establishments followed lumber and milling. Then, as urbanization occurred, other types of industry located in Lewis County to take advantage of its proximity to both Portland and Seattle. These businesses include food processing, product manufacturing, equipment maintenance and product service industries. Quick access to the many smaller communities of eastern Washington has been an added bonus.

The area's traditional strong work ethic continued in the creation of the Port, which has worked steadily toward improving the local economy by providing locations and infrastructure support for businesses. The Curtis site, purchased by the Port in 1996 through a state enhancement grant, was platted for development of an industrial park by Weyerhaeuser Corporation but was not fully developed. The Port's long-term plan is to develop the Curtis site as an industrial park with rail service while supporting the tourism potential of the line with the steam train. The Port now owns more than 200 acres in the Chehalis Industrial Park area and is developing the Port of Chehalis Industrial Park. The greater Chehalis Industrial Park area encompasses over 400 acres and currently includes over 50 businesses and 2,500 jobs.

2. BUSINESS & MARKET TRENDS

During the 1997 update of the Port of Chehalis Comprehensive Plan, a market study was completed with the following components:

- Port's inventory of businesses by industry type
- Vocational training indicators
- Evaluation of target industries
- Property needs for projected tenant mix

At that time, wood products manufacturing was the largest industry in Lewis County, followed by food processing, fabricated metals transportation equipment, mining and power generation, furniture manufacturers, and textile and apparel firms.

The target industry evaluation identified industries that seemed to be a strong market fit for the Port. It was determined that the industry groups most likely to locate or expand in Lewis County were quite similar to the industries already located in Chehalis, with the addition of rubber and plastics products manufactures and wholesale trade.

These industry groups were identified in order to provide a focus for the Port's marketing program and develop an inventory of companies seeking new locations or expansion.

Since this study is almost 10 years old, the Port will review and update it as necessary to determine the profile for in-demand sites. See Chapter 3 for additional details.

C. INDUSTRIAL & COMMERCIAL LAND ABSORPTION

It is very important that the Port have as many options as possible for land development. The greater the number of options, the faster a sustainable momentum can be established. For the Port of Chehalis Industrial Park, this includes the options of light and medium industrial, warehouse and distribution, office and other commercial and retail development. The Port's strategy will be to have a variety of sites of varying sizes available given market needs.

The current market strategy is to reach out to a range of industrial, warehouse and distribution target firms. This is based upon locational strengths, current market activity, and properties in the park now served with utilities and available for development.

It is common for projections of industrial land absorption to use historic rates and trends to drive future rates. This method is in part statistical and can be easily quantified, but, used alone, will not result in an accurate picture in Chehalis. There must be a greater understanding of the forces driving land use changes in Lewis County than historic rates alone in order to obtain an accurate picture.

Land absorption likely will be affected by historic absorption rates, the influence of I-5 and future use projections, population changes, and regional changes, such as the decreasing availability of industrial property, which influence market conditions independently of Lewis County activities. The following paragraphs consider each of these factors.

1. HISTORIC ABSORPTION RATES

The sources of historic information available for land absorption rates in Lewis County include building permits, the records of the Industrial Commission, the Digest of Lewis County, and the Lewis County Economic Development Council (EDC).

In the 1970s and 1980s, industrial land absorption averaged about 3+ acres per year. With the formation of the Port and the establishment of a formal land sales and building development program, rates of industrial absorption rose to an average 7+ acres per year.

The existing information dates from 1995 and should be updated so that the Port can more accurately predict the land demand for its properties.

2. INFLUENCE OF I-5 & FUTURE USE PROJECTIONS

A 1987 feasibility study by the Washington State Department of Transportation indicated a need to increase the capacity of I-5 in the Chehalis area, and an Environmental Impact Statement was prepared to analyze that potential expansion. Further work, completed in 1994, pointed to the need for a new interchange at La Bree Road to serve the Chehalis Industrial Park area. Grant funds were approved in 1995 to begin design work on the interchange. Construction on the project is expected to begin in 2007. It is estimated that after the interchange at I-5 and LaBree Road is built, round-trip truck travel time to and from the Port of Chehalis will be reduced by an average of seven minutes by the year 2030.

The completion of the proposed interchange will open additional opportunities for commercial, warehouse, and distribution activity and act as an additional positive factor supporting the forecast land absorption rates. Increasing the capacity of the freeway will provide greater access to Chehalis from both the Seattle and Portland area markets. This increase in access would accelerate the trend toward greater stability and rate of growth.

This factor helps support the conclusion that future growth will be of a different character and rate than that experienced in the past.

3. POPULATION CHANGES

Historically, the rate of population growth in Lewis County has fallen below urban and Washington state averages. The annual increase during the 1980s was just over 0.5%. During the first half of the 1990s, however, that rate jumped to a much higher increase of more than 1.5% a year. While it is expected that this expansion of the early 1990s will subside, forecasts do indicate a historic shift upwards to a higher long-term growth level than the average for recent decades. It is worth noting that between 1990 and 2004, the population of Lewis County grew by nearly 20%.

Table 1. Lewis County & Chehalis Population Change, 1990–2004

Jurisdiction	1990	1995	2000	2004	% Change 1990–2004
Lewis County	59,358	63,835	68,600	70,700	+19%
Chehalis	6,527	6,828	7,057	7,010	+7%

Source: Lewis County Economic Development Council (http://www.lewisdc.com/business_environment.jsp, accessed February 1, 2006)

The caution is that while population trends are up, employment growth rates have not kept pace. Even more important, job growth has been concentrated in the lower wage rate areas of retail trade and services. This suggests growing pressure on per worker earnings and the need for more emphasis on the goal of encouraging family wage jobs.²

The following table shows median income by household. It shows a significant increase in the gap between the average Washington wage earner and that of Lewis County.

Table 2. Median Income by Household¹

Jurisdiction	1989	1999	% Change 1989–1999	2003	% Change 1999–2003
Washington State	\$31,183	\$45,776	47%	\$50,664	11%
Lewis County	\$24,410	\$35,511	45%	\$35,813	1%
% more (+) or less than (-) state	-21%	-22%		-29%	

¹ Data derived from census data results.

4. REGIONAL CHANGES WHICH OPERATE INDEPENDENTLY OF LEWIS COUNTY

a. Comparatively Low Operating Costs

The Lewis County EDC has compiled information which shows that Lewis County space and labor costs are competitive, a factor that can be significant for companies operating within both the Seattle and Portland metropolitan markets. When a firm evaluates the advantages of freeway access, combined with low operation costs and available work force, there is a good case to be made for companies to select Lewis County as a plant location.

It should be noted that higher transportation costs can partially offset the lower space and labor costs. However, the added transportation cost should only apply where a firm serves primarily the Seattle or Portland market and not both.

² Community Assessment (Summer 2005) by United Way of Lewis County

b. Metropolitan Growth in Portland/Vancouver and Seattle

Growth in the Portland/Vancouver and Seattle areas has been significant in the past decade. This growth has caused numerous changes in operating conditions in those areas. Land costs have risen dramatically, traffic congestion is causing inefficient distribution, and rising living costs create pressure for higher wages. This growth has led to a limited availability of industrial sites on the I-5 corridor between Seattle and Portland/Vancouver

Company growth also has means that facilities need to expand in these major urban areas. This need creates heavy pressure on company resources when the expansion takes place where land prices are high. The time and expense necessary to gain permits and approvals is another factor in increasing up-front development costs; these costs have dramatically increased in the major Northwest markets. Usually the demands of growth move companies toward trying to reduce real estate and up-front development costs so that their assets can be put into more productive activities.

These factors—growth in the metropolitan areas close to Chehalis and the need for lower-cost company expansion to serve the Portland and Seattle markets—contribute to the conclusion that growth in the Chehalis area will remain healthy over the next 5-20 years.

c. Port of Chehalis Industrial Park Market Share

Two factors are key in determining the level and rate of development. One is the total amount of new investment occurring in the region. The other is the Port's competitive position in relation to other location options. While the Port has little influence over regional factors, its ability to position itself as an attractive location within the area is substantial. Within Lewis County, there are some options for small to medium-size industrial firms. These include the Port of Chehalis, Port of Centralia, and the Industrial Commission. However, with reference to larger projects—and particularly warehouse and distribution—the Port of Chehalis has some of the limited available property. For the larger projects (10 to 30 acres), the significant competition comes from outside the area and includes port districts in Thurston and Cowlitz Counties.

Market share for industry is divided between the two ports, the Industrial Commission, and all other developers. The Port has the largest current inventory and most diversified range of target prospects that can fit within its park.

The total Port inventory, however, is still not substantial when compared with owners outside Lewis County. For example, the Port of Olympia has over 400 acres available for development and almost 800 acres are available in the Hawks Prairie area of Thurston County. This inventory issue indicates that, within the next 5 to 10 years, available land could become a major constraint to long-range growth. It further focuses attention on the importance of new industrial land acquisition—both within the I-5 corridor and at a greater distance from the freeway.

Other factors influencing the Port's competitive position are changing costs of land preparation, utility availability/costs, and the ability of the Port to offer full service and turnkey support. The turnkey option should not be underestimated as a major plus. Most firms (and particularly the small and medium-size firms) are not experts at site location. As such, they appreciate being able to concentrate on running a business and being able to turn the development project over to the Port's management.

CHAPTER III: GOALS, OBJECTIVES, & STRATEGIES

A. GOAL 1: INCREASE THE ECONOMIC VITALITY OF THE PORT & LEWIS COUNTY.

Objective 1.1

Increase the inventory of shovel-ready development sites, including a mix of site sizes (i.e., 5-acre to 50-acre) to meet market conditions.

Implementation Tasks

The Port will review the current market study and update it as necessary to determine the profile for in-demand sites. The Port also will review the current inventory of Port property to determine how well the existing inventory will meet the market demand now and over the next 10 years.

Screening criteria for potential acquisitions will be developed to determine if the candidate property meets the Port's inventory needs. The criteria may include minimum requirements, such as site size, location, zoning, existence/availability of infrastructure, range of allowable development constraints, and cost to ready site for development. The Port will review the land in the vicinity to identify sites that are desirable for acquisition, and will develop a prioritized list of target sites. The Port also will review and identify the steps necessary to ready existing Port property for development.

As necessary, the Port will update its capital improvement plan with a prioritized list of improvements and acquisitions.

If the Port is unable to acquire a sufficient supply of land within its district, then the Port will consider the expansion of its boundaries to take in additional land.

Objective 1.2

Continue land acquisitions at or below average market rates, to the extent possible.

Implementation Tasks

The Port will increase its capacity to track market rates by establishing relationships with qualified real estate brokers. The Port also will redefine its relationship with the Industrial Commission to bring land acquisitions into alignment with this objective. The Port will establish positive working relationships with property owners within and adjacent to the Port District to positively position the Port for future acquisitions.

Objective 1.3

Recruit businesses whose wage structure is higher than the current countywide average, over time achieving parity with the statewide average.

Implementation Tasks

The Port will work with the Lewis County EDC to track state and countywide wage structures. According to the Census Bureau, the estimated 2002 median household income for Lewis County was \$35,786 and the statewide household income was \$46,399. Based on 2000 data, the average

hourly wage³ of a worker in Lewis County was 84% of the state average—\$14.22/hour compared to the state average of \$17.00/hour. Median household income for Washington as a whole in 2004 was estimated by the state’s Office of Financial Management at more than \$50,800, while for Lewis County, it was estimated at just over \$37,700; that amount is \$13,000 or 26% less than the state as a whole.⁴ When completing due diligence on possible new tenants or businesses, the Port will research and consider wage structure as an important attribute. The Port should expect that the wage structures of new companies would bring the county median income and hourly wage closer to the statewide figure. Wage structure is but one attribute to be considered. This attribute should be reviewed along with others, such as jobs per acre, number of jobs in total, and other key factors.

Objective 1.4

Recruit businesses with a range of 5-7 jobs per acre.

Implementation Tasks

This objective seeks to maximize land utilization by encouraging the siting of businesses with a higher than average number of jobs per acre than typically found on light industrially zoned Port properties. Similar to Objective 1.3, above, this objective is intended to be one of several attributes to be reviewed and considered by the Port as it recruits new businesses, and is not intended to preclude the siting of a business that has fewer jobs per acre, especially if that business offers its employees a higher than average compensation package or has other positive attributes.

Objective 1.5:

Improve the quality of service and cost effectiveness of rail to Port properties.

Implementation Tasks

The financial and operating analysis prepared by Railroad Industries Incorporated (RII) indicates that if the Port of Chehalis operates the BNSF branch with a part time crew, the required switching allowance paid to the Port of Chehalis by the BNSF could be less than the current costs for the BNSF to provide switching services. There are several benefits the Port of Chehalis will experience by owning and managing the rail service:

- Improve rail service to on-line shippers.
- Attract new businesses into the area, which in turn will promote economic development.
- Provide a means to improve the marketing of the area to new and existing businesses
- Create a partnership with the customers in the area to improve the business environment at the Port.

RII believes that this rail switching operation is marginal. The required switching allowance that the Port of Chehalis will require (\$200/car for a part time operation) is slightly above the market rate for providing such services (\$150 to \$175 per car). An initial review of the BNSF costs by RII indicates that the BNSF costs are higher than \$200 per car.

RII recommends that, if the Port is still interested in pursuing this switching opportunity, the Port consider the following next steps:

³ Earnings represent the amount of income received regularly before deductions for personal income taxes, Social Security, bond purchases, union dues, Medicare deductions, etc.

⁴ <http://www.ofm.wa.gov/economy/hhinc/medinc.pdf>

- Contact the BNSF to determine their interest in transferring the switching services to Port of Chehalis.
- Develop the BNSF costs to provide switching services
- Determine the appropriate switching allowance to be paid to the Port of Chehalis by the BNSF
- Develop a proposal and business plan for presentation to the BNSF⁵
- After the submittal of this report, the Port hired a consultant to negotiate with the owners of the short line on acquiring the track and discussions are proceeding.

Objective 1.6

Develop and implement marketing plans to aggressively pursue new tenants for development of Port property.

Implementation Tasks

The existing Comprehensive Plan calls for the Port to work in partnership with the Lewis County EDC for certain marketing activities, such as lead generation. Other marketing activities, such as site signage, brochures, client tenant hosting, and follow up, are the domain of the Port. The partnership with the EDC has worked effectively. However, the Port is placing an increased emphasis on marketing and recruitment. This new emphasis will be driven in part by the results of the review and update of the market study. Marketing tools that should be used by the Port include:

- Site signage to advertise available sites, their attributes, and contact information.
- Recruitment packets that include area information and visually appealing and informative site-specific brochures. Packets could include CDs with a virtual tour of available sites and community assets. These video clips also could be used effectively on the Port's web site. These packets should be used when meeting with potential tenants.
- Web pages to advertise competitive advantages for siting within the Port and on available sites.
- As the Port more specifically defines target industry sectors over the next year, the Port will fully participate in recruitment meetings with targeted sectors and companies.
- Use real estate professionals as a tool to increase market opportunity.

Objective 1.7:

Work to retain and enhance existing tenants of Port property.

Implementation Tasks

The Port recognizes the importance of retaining existing Port tenants and assisting their business enhancement efforts. As noted above, site signage, brochures, and client tenant hosting are the domain of the Port.

- Capitalize on opportunities to improve wired technology to benefit existing tenants and help attract new tenants.
- Maintain good communication with existing tenants to keep them apprised of Port news that may affect them.
- Be alert for regulatory changes that may affect existing tenants and advise them as necessary.
- Provide directional and/or site signage to advertise existing tenants and contact information.

⁵ Executive Summary, *Economic Analysis of the Switching Operation at the Port of Chehalis*, prepared by Railroad Industries Incorporated, May 2005.

- Link Port website with websites of existing tenants and update Port website as appropriate.
- Maintain up-to-date information on existing Port tenants to be provided to potential customers as appropriate.

B. GOAL 2: BE A VISIBLE ECONOMIC DEVELOPMENT LEADER WITHIN THE REGION.

Objective 2.1

Participate in local, county, regional, state, Tribal, and federal land use, environmental, and transportation projects or other issues that may impact or influence the Port of Chehalis.

Implementation Tasks

The existing Port Comprehensive Plan calls for the Port to participate in a variety of local, regional, and state land use and planning projects such as updates to City of Chehalis and Lewis County comprehensive plans, transportation improvements, wastewater treatment, and water and sewer services. In order to raise its presence as an economic development leader, the Port will take a more active role in leading or co-sponsoring local, regional, and state land use planning and infrastructure projects and issues. The Port will assume a leadership role in projects where it is in the Port's best interest to do so. The Port will convene new partnerships to develop support for its initiatives.

Tasks will vary according to the issue or opportunity. A range of tasks is possible and may include the following:

- Federal
 - Determine the most effective method to access federal funding.
- State
 - Monitor, evaluate, and comment to state legislators on proposed legislation.
 - Testify at state legislative hearings to encourage Port-friendly legislation and discourage legislation that would have a negative impact on the Port's ability to accomplish its goals and objectives.
 - Fully participate in the Washington Public Ports Association, including regular attendance at meetings and training opportunities for staff and Commission.
 - Sponsor or co-sponsor regional legislative receptions to hear the results of the session from legislators or to thank the legislators for their good work on behalf of the Port and the business community.
- Local
 - Monitor, review, and comment on local government activities that affect the Port's ability to achieve its mission and goals. Areas of focus may include:
 - Annexation planning and implementation with the City of Chehalis
 - Comprehensive Plan updates
 - Zoning and development code updates
 - Critical Areas Ordinance updates (wetlands, habitat, critical aquifer recharge areas, floodplains, and geohazards)
 - Capital facilities plans (roads, water, sewer, power, and natural gas)
 - Rail facility planning with BNSF and Tacoma Rail

Objective 2.2

Partner with the EDC, the Chamber of Commerce, and others as appropriate to develop an annual unified list of countywide economic development legislative priorities.

Implementation Tasks

Increasingly, the communities that are most successful in securing friendly legislation and capital funding are those that bring a unified list of legislative priorities to the state legislature. This requires developing a coalition that includes the County, cities, ports, educational institutions, economic development organizations, and chambers of commerce to speak with one voice towards a single objective.

The Port will be a catalyst in developing a unified set of legislative priorities for Lewis County by convening (or partnering with another organization to convene) a countywide summit to kick off the development of shared legislative priorities. The Port's leadership of this task may be determined by the extent to which the achievement of the Port's priorities depends on securing legislative action. Areas for exploration could include transportation improvement project funding, higher education capital funding, and authorizing legislation for new economic development tools.

C. GOAL 3: INCREASE LEVEL OF CONSTITUENT SUPPORT FOR THE PORT & ITS INITIATIVES.

Objective 3.1

Communicate regularly with Port stakeholders to inform them of the Port's mission, goals, and objectives; keep them updated on Port activities; and seek input on key issues and initiatives as appropriate.

Implementation Tasks

The level of support for the Port and its economic development initiatives can be increased by multiple means. Increasing the community's knowledge of the Port and its mission and initiatives should lead to increased support. It is important for the Port to educate and inform the community in its own words. A variety of effective communication tools can help the Port communicate with the community. The matrix below identifies a menu of options that the Port can use, as appropriate, to keep Port stakeholders informed or seek their input.

Stakeholders include, but are not limited to, Port tenants, economic development partners, elected officials and agency staff, Port district taxpayers, and the community.

Table 3. Stakeholders & Communication Tools

Stakeholder	Communication Tools
Port Tenants	Informal gatherings (i.e., summer barbecue or other social event) hosted by Port or featured tenant Quarterly meetings Port to host annual meeting for all stakeholders to review Port's progress over past year
Economic Development Partners (i.e., Industrial Commission, EDC)	Port to host annual meeting for all stakeholders to review Port's progress over past year Monthly or semi-monthly meetings Regular meetings to define shared goals and to develop, implement and refine plans for achieving shared goals and initiatives
Local, County, State, Tribal, and Federal Officials & Agencies	Port to host annual meeting for all stakeholders to review Port's progress over past year Regular meetings with elected and appointed officials and staff to work on identified partnership opportunities or Port initiatives Port to host VIP tours
Port Taxpayers & General Community	Develop and maintain working relationships with local print media to facilitate coverage of Port events and activities Develop and issue news releases on Port events and activities (i.e., partnerships that bring new infrastructure to area, signing new tenants, land transactions, or other Port activities that bring benefits to the taxpayers and/or community) Host public meetings to review and/or accept comment on Port initiatives as appropriate Identify effective communication vehicle for use by Port on an as needed basis (i.e., e-mail newsletter, regular Port column in Business to Business or other local paper Port to host VIP tours

Objective 3.2:

Develop new partnerships that will increase the level of support for the Port's initiatives.

Implementation Tasks

The Port has enjoyed many successful partnerships and acknowledges that there are new partnerships that can be forged in order to gain new support for the Port. Partnerships can mean positive relationships, identification of mutual interests, and an agreement to work together to pursue those interests. It will be important for the Port to identify and meet with potential new partners to discuss ways to work together for their mutual benefit. Listed below are areas of opportunity and potential partnerships that can be explored over the next few years.

Table 4. Areas of Opportunity & Potential Partners

Areas of Opportunity	Potential Partners
Transportation infrastructure improvements	Washington State Department of Transportation Transportation Coalition Lewis County City of Chehalis
Wetland Banking	Department of Ecology Lewis County Private organizations specializing in wetland banking
Extension of Rail Services	Burlington Northern Santa Fe Tacoma Rail Union Pacific WSDOT Rail Division Rail users Local municipalities
New Tenants	Other ports Realtors and contractors

CHAPTER IV: FINANCIAL PLAN

A. PORT OF CHEHALIS FINANCIAL GUIDELINES

The Port of Chehalis financial guidelines set forth the basic framework for the overall fiscal management of the Port. These recommendations provide a financial platform for evaluating both current activities and proposals for future programs. From time to time, it is anticipated that these guidelines will be modified to provide financial guidance for issues and situations which were not previously anticipated.

Definitions

For purposes of this document the following definitions apply:

Cash is any cash equivalent that can readily be converted into cash.

Operating Revenues are those revenues generated from activities by users of port facilities.

Operating Expenses are those expenses, which occur due to the daily activities of the port including all direct costs, all administrative costs, and all maintenance costs.

Non-Operating Revenues include revenues generated from sources other than from the use of port facilities. These include tax receipts, interest earnings and finance charges.

Non-Operating Expenses include all costs and miscellaneous fees not directly related to the port's operations.

Capital Budgets and Purchases are expenditures for physical assets, which are utilized over a period of several years and consequentially depreciated over its useful life. Examples include major construction projects, buildings, equipment, office furniture, etc.

1. OPERATING BUDGET GUIDELINES

The Commission will set a budget on an annual basis. The Executive Director will make best efforts to work towards the goal of attaining sufficient operating revenues to cover all operating expenses and all bond covenants on an annual basis. A quarterly review of operating results will be prepared by the Port Auditor and provided to the Commission. At any quarterly review, should the Executive Director determine that there are significant differences in the actual financial performance of the Port compared to the budget, the Executive Director will immediately develop a plan to bring the operating budget back in line. This plan will be presented to the Commission promptly for consideration and approval.

Property tax levies received by the Port will be expended in accordance with the following prioritization:

- Payment of interest on Port General Obligation Bonds;
- Retiring General Obligation Bonds (principal);
- Payment of principal and interest on all other lease and debt obligations;
- Capital expenditures as identified by the Port Commission;
- Support of Port operations;
- Reserve Fund; and

- Community Projects.

2. REVENUE GUIDELINES

It is the goal of the Port to develop and maintain a diversified and stable stream of operating revenues to shelter it from short-run fluctuations in any one revenue source.

On any agreement for Port services or lease of Port property, Port staff and/or the Port's CPA (as directed by the Port Commission) will employ adequate review of the prospective client's financial position and the ability to pay the fees in accordance with its agreement. Should the Port management or the Port's CPA determine that the prospective user may be unable to meet the ongoing financial obligations to the Port, the Executive Director will notify the Commission so that they can determine if additional security backing the agreement is needed, or if the agreement should not be entered into.

It is the policy of the Commission to require security from all Port tenants in accordance with RCW 53.08.085. The security shall be in a form acceptable to the Port, and is typically provided by Tenant to Port in the form of a surety bond equal to one year's rent under the terms of the lease agreement between Port and Tenant. The Port will realize the security in the event of a default by Tenant. The Commission reserves the right to waive this requirement.

The Port will charge fees and lease rates that will, at a minimum, generate sufficient revenue to cover all proportionate direct and indirect costs of operations associated with the use of that asset.

When projected revenues from a project do not meet the minimum threshold over the life of a project, the staff will provide a report to the Commission outlining the projected sources and uses for the project and the Commission shall decide whether to proceed with the project.

To establish appropriate pricing of services and leases, the Port will use the current market value of the leaseable assets (land, buildings, and/or related infrastructure). The asset will be revalued as appropriate and the pricing shall be adjusted as warranted.

3. CASH/MANAGEMENT INVESTMENT GUIDELINES

The Lewis County Treasurer acts as the Port's Treasurer. All cash received will be immediately receipted and transferred to the Lewis County Treasurer's office in accordance with the Port's Receipt Policy. All funds will be deposited into the Port's depository account by the Lewis County Treasurer and be invested in a manner that will maximize the interest earnings.

The Port shall direct the Lewis County Treasurer to make investments on the Port's behalf. Investments made by the County Treasurer will be made in conformance with Investment Guidelines as stated within the laws of the State of Washington.

All directives on investments from the Port to the County Treasurer will be made with maturities that assure adequate resources for payment of all warrants submitted to the County Treasurer on a monthly basis without the premature liquidation of temporary investments.

The Port will collect all receivables in a manner that will provide for timely receipt of funds owed to the Port. When a receivable is deemed to be uncollectible, the receivable

will be referred to the Port's attorney or to a collection agency for collection. A reserve for uncollectible accounts shall be recorded annually on the Port's balance sheet for the estimated amount of uncollectible receivables.

4. CASH RESERVES

The Port shall maintain sufficient cash reserves to assure the following:

The Port shall maintain a cash balance sufficient to pay an average of three months of operating expenses. Should cash reserves fall to levels insufficient to meet these future obligations, the Executive Director will immediately take action to raise the level of cash through operations.

The Port shall maintain a sufficient fund balance necessary to meet all debt covenants. When it is apparent that the Port will not be in compliance with these cash flow guidelines, a detailed plan to increase the cash flow either through raising of revenues, reduction of expenses, restructuring of debt, or a combination of these, to meet these requirements shall be promptly submitted by the Executive Director to the Commission.

5. DEBT GUIDELINES

The Port will not borrow on a short-term basis to cover routine operations. In no instance should short-term borrowing be considered as a financing option unless a detailed plan for repayment of the borrowing is presented to the Commission and subject to their approval prior to the issuance of the debt.

Debt payments should not exceed the anticipated useful life of an improvement.

Efforts should be made by the Executive Director to maintain or improve the Port's General Obligation Bond rating.

The Port may utilize General Obligation Property Tax supported bonding to finance only those capital improvements and long term assets which have been determined to be essential to the maintenance of, or improvements to, the Port's infrastructure, or for the purchase of land and buildings which do not have revenue sources sufficient to support repayment of the debt.

Generally, debt (other than General Obligation Bonds) should be used only to finance specific improvements that can generate operating cash flows sufficient to service the debt. When the debt is used to finance specific capital projects, the means of repayment must be reasonably certain prior to the debt being issued. All repayment schedules must be submitted to the Commission for review and approval.

The Port may utilize revenue supported bonds to finance public improvements which can be shown to be self-liquidating. Financial feasibility studies shall be presented for each project to show evidence of the self-liquidating nature of the project.

The Port will maintain its finances in a manner which will generate cash flows from all sources (before capital projects and long term debt service payments) sufficient to provide cash to cover all debt covenants required by outstanding bond issues, plus some measure of return to the Port.

6. CAPITAL BUDGET GUIDELINES

The Port will develop a multi-year Capital Improvement Plan (CIP) that will be updated annually. Efforts will be made to make investments in capital assets based on the details of the plan. When Port staff or the Commission determines that a project not contained in the CIP is of sufficient urgency to be proposed for completion in the current fiscal year, following a detailed review of the project, the Commission may approve proceeding with the project and will amend the Port's CIP if necessary.

Capital improvements will be funded by non-operating revenues, operating revenues, debt, or grants.

The Port will maintain its physical assets at a level adequate to protect the Port's capital investments and minimize future maintenance and replacement costs. A detailed maintenance schedule will be developed and maintained, and sufficient levels of funding for maintenance will be included in the Port's annual budget

B. BUSINESS PRACTICES

The business practices of the Port of Chehalis are directed toward achieving the Comprehensive Plan goals and policies set forth in Chapter 3, emphasizing Goal 1 which is to "increase the economic vitality of the Port and Lewis County." Flexibility is needed, however, in order to adapt to changing conditions of competition and community needs and desires. Accordingly, the statements that follow are typical business practices of the Port, subject to change as conditions warrant.

1. The Port will construct, operate and maintain facilities for industrial and commercial use. These facilities will be made available to private business for lease or sale, as directed by the Commission.
2. Rate charges for the use of Port facilities will be set at a market rate and will be designed to cover all expenses, including overhead, debt service, depreciation, and some return to the Port.
3. The Port has created Industrial Development District (IDD) No. 1 and No. 2 in the Chehalis Industrial Park area. Use of this property has been dedicated to industrial and commercial use. The Port will make every attempt to site industry on this property that will diversify the economic base of Lewis County. The Port will use current values of all assets when establishing rates and will periodically update values and rates.
4. Because of the substantial investment in infrastructure in the Port's Industrial Development District No. 1 and No. 2, the policy of the Port is to not sell property unless it is evident that substantial benefits, including employment and tax revenues, would be gained for the community. The Port's policy is to make the properties within Industrial Development District No. 1 and No. 2 available for lease to individuals or businesses engaged in activities that are compatible with the Port's mission of economic development as well as the zoning and efficient use of the area and facilities.
5. The operations of the Port are conducted with the objective of earning sufficient net income to cover operating and administration costs. The Port's objective is to achieve operating surpluses sufficient to cover the investment required for new and improved facilities. However, for the foreseeable future, the operating surpluses must be supplemented by the investment of the Port's general purpose tax levy revenues. Revenue bonds will be used whenever feasible to supplement funds required for new facilities.

6. Properties required for Port purposes will be acquired by negotiation, and it is the Commission's objective to complete land acquisitions at or below fair market value. Properties identified as needed for long-range needs will be acquired by negotiation and held for future development. Whenever possible, these properties will be leased for interim uses in an effort to generate operating revenue to offset the cost of the acquisition until further development occurs.
7. In addition to the Port's economic development goals, the Port will lease its land and/or facilities in order to generate revenue in accordance with the Port's financial goals, policies, and guidelines.
8. The Port will cooperate fully with other public and private organizations (including other port districts) to reduce impediments to trade, improve the efficiency and economy of Port operations, maintain national security, and establish equitable and compensatory charges for services.
9. The Commission recruits and intends to retain competent management and professional staff to implement the objectives of the Port. It is the responsibility of the Port Executive Director to operate the Port under the goals, policies, and objectives adopted by the Port Commissioners.
10. In meeting the requirements of the Shorelines Management Act, the State and National Environmental Policy Acts, and other applicable regulations, the Port recognizes its responsibility to minimize the impact of its development projects on public health and safety, the environment, and adjoining properties.
11. As a public entity, the Port conducts its official actions in public meetings and maintains its official records in accordance with the Open Public Meetings Act. The Port will accommodate all requests for public records in a timely fashion. In the event the Port cannot comply with the request for records, it will notify the requesting party promptly in writing of the basis for denying the request.
12. Port Commissioners and staff are encouraged to participate in community, regional, state, and national organizations to both give information and become informed about matters affecting or of interest to the district.
13. Port Commissioners and staff are encouraged to participate in appropriate educational opportunities (e.g., Washington Public Ports Association) to further their professional development.
14. The Port has organized an Industrial Development Corporation, as provided for in Washington law, to assist qualified industries in receiving financing for projects which will accomplish the overall goals of the district.

C. PORT DISTRICT FINANCING

To finance projects and activities, port districts utilize several sources of revenue. A port's revenues comprise non-operating income, (i.e., tax levy), operating income, (i.e., lease income), grants, and borrowed funds, (i.e., debt). It is the Port's policy to obtain the lowest cost funds to finance Port projects. Brief descriptions of each option available to the Port follow. Subject to Port Commission direction, Port staff shall actively pursue grants and low-interest governmental loans to fund Port projects.

1. TAX LEVIES

To supplement revenue generated by Port operations, state statutes authorize port districts to levy taxes on the valuation of the taxable property in the district as described below.

a. Basic Regular Levy

In accordance with RCW 53.36.020, a port is allowed to levy a tax up to 0.45 per \$1,000 of assessed valuation of the port district for general port purposes, including the establishment of a capital improvement fund.

b. Extra Voter-Approved Tax Levy

Port districts are allowed to levy up to an additional 0.45 per \$1,000 of assessed valuation in taxes for dredging, canal construction or land leveling or filling, per RCW 53.36.070. The Port has never sought to impose this additional tax levy, and does not envision doing so unless community needs alter to the extent that it should be considered.

c. Industrial Development District Tax Levy

A port district can levy an additional 0.45 per \$1,000 of assessed valuation in taxes to finance Industrial Development District (IDD) improvements. These improvements must be set forth in the port district's "Comprehensive Scheme of Harbor Improvements and Industrial Developments," and adopted in accordance with RCW 53.25. This tax levy is limited to twelve annual levies, six of which may be subject to voter approval. The levies need not be taken in consecutive years. A third six-year period of IDD tax levy is available to counties on the Pacific Ocean if approved by a majority vote of the voters within the port district.

d. General Obligation Bond Tax Levy

A port district can levy taxes as required to service interest and principal payments on General Obligation Bonds.

e. One Percent (1%) Levy Lid

The total revenues from regular property taxes cannot increase by more than one percent each year, unless a majority vote approves a higher levy, excluding new construction. In any year when port levies are less than the maximum amount allowed by the one percent, whether voluntarily or as a result of dollar rate limit, the one percent lid for succeeding years will be calculated as though the maximum levy amount allowed by the one percent lid limit had been levied (referred to as "protection of future levy capacity").

2. PORT DEBT

As a municipal corporation, a port district is expressly permitted by law to issue debt. This borrowing must be in the right form, and must be used for the purposes that are expressly allowed by law. The types of port debt and limitations are summarized below.

a. General Obligation Bonds

An important financing option for a port is through the issuance of General Obligation Bonds. General Obligation Bonds are limited by law as follows:

b. Basic Limit

A port is allowed a total of nonvoted debt equal to one-quarter of one percent of the assessed value of the taxable property in the district as determined by the County Assessor (RCW 53.36.030). General Obligation Bonds are limited to a maximum

maturity of 50 years (except those subject to a 25-year limit as described below in section d.

c. Voted Debt

With the approved of 60 percent of the voters, General Obligation Bonds may be issued in an amount not to exceed (together with the existing indebtedness of the district not authorized by the voters) three-quarters of one percent of the assessed value of the taxable property in the district as determined by the County Assessor.

d. Small Ports Exception

Districts with less than \$1.5 billion in taxable property may issue up to three-eighths of one percent of additional debt, per RCW 53.36.030. Maturity of these bonds may exceed 25 years. A port must have a Comprehensive Plan and a long-term Financial Plan approved by the Washington State Department of Community, Trade, and Economic Development prior to accessing this additional debt. The Port of Chehalis is considered a Small Port for this exception.

3. REVENUE BONDS

Revenue Bonds are payable from a stream of non-tax revenues and are not classified as General Obligation Debt. Tax revenues cannot be used to repay Revenue Bonds. Although technically there is no legal limit on the amount of Revenue Bonds a port may issue, as a matter of practice and policy, the limit of a port-issued Revenue Bond depends on the port's ability to repay the principal and interest from operating revenues. Annual revenue bond payments thereon are a lien against the current year's operating revenue. A port may mortgage facilities financed with revenue obligations, per RCW 53.40.125.

4. SHORT TERM OBLIGATIONS

Ports have several short term financing methods. A port may issue Tax-Anticipation Notes (TANS), Bond Anticipation Notes (BANS), and Revenue Anticipation Notes (RANS). TANS must mature no later than six months into the next fiscal year.

A Port issues warrants to meet its ongoing financial obligations. These can be interest bearing revenue or tax-backed general obligation warrants. A port can also access a Line of Credit for short-term finance needs. A Line of Credit is usually evidenced by a note.

5. INDUSTRIAL DEVELOPMENT REVENUE BONDS (IRBS)

A port is allowed to issue IRBs for funding of private projects through a special port-created Industrial Development Corporation (IDC).

Parties wishing to access this source of funding through the Port's Industrial Development Corporation must be funding a project within the Port District, meet the qualifications for IRB financing, and submit an application to the Port.

6. STATE AND FEDERAL LOAN AND GRANT PROGRAMS

As a municipal corporation, a port is eligible to apply for several state and federal loan and grant programs. These loans and grants are typically for infrastructure and industrial facility development. These loans do not apply against a Port's statutory debt limit, but do count against its constitutional debt limit.

CHAPTER V: CAPITAL PROJECT PLANNING

A. HISTORY

After its formation in 1986, the Port of Chehalis began to acquire property in the vicinity of the existing Chehalis Industrial Park south of the City of Chehalis. The Port took a conservative approach with its initial land acquisitions, accumulating tax revenue reserves and issuing a small amount of debt to acquire approximately 120 acres of undeveloped property. In late 1991, the Port began to look at developing its land base for industrial purposes.

The first step in actual development for the Port was to hire its first employee to carry out the administrative functions of the Port. It then advertised for professional services to complete its first Comprehensive Scheme of Development. The goal of the Port Commission was to complete a comprehensive plan that would formalize its mission statement, goals, and objectives; assist it in identifying steps needed to successfully develop its existing land; look at its future development and growth; and provide a marketing strategy for recruitment of new industry to the Port land. The Port of Chehalis Comprehensive Scheme of Development was formally adopted by the Port Commission in March 1993.

The Port's 1993 Comprehensive Plan identified the primary infrastructure needs for developing the Port's property. The infrastructure was identified in three phases. Cost estimates and preliminary engineering plans were completed, and financing options were reviewed. In August 1993, the Port began constructing the first phase of infrastructure development as the Phase One Infrastructure project, which included road, water, sewer, natural gas, telephone, electricity, and drainage improvements beginning at the west end of the Port's property and extending to the east end at Jackson Highway. This project was completed in 1995 at an approximate cost of \$1.9 million.

The Phase One Infrastructure project was key to the Port's early success in attracting tenants to its property. The project allowed the Port to attract its first tenant, a Fred Meyer retail service center. Following Fred Meyer's decision to locate at the Port, other tenants followed. Within three years of the completion of Phase One, the Port had five tenants using the improvements made by the project. These tenants have created approximately 440 full-time jobs, an excellent boost to the local economy, and have assisted the Port with its primary goals of job creation and economic diversification for the community. As they grow, additional jobs will be created. With over 150 acres still available for development in 1997 that directly access the Phase One improvements, economic development opportunities continue to be strong.

The Port has since constructed two buildings in the Phase One development, which are leased to Port tenants. In 2005, 35 acres were sold to Fred Meyer so that it could continue with its expansion plans within its existing development. At final design, the expansion is estimated to add 200 more jobs to this facility.

Two existing buildings were also purchased within the industrial park. In 2005, a building was sold in order to accommodate a new tenant's requirement to own rather than lease its own assets. This tenant will bring 50 new jobs to the community. Also in 2005, an additional 91 acres of land were purchased for future development

B. PURPOSE

Planning and compliance with all land use regulations will continue to be of great importance to the Port. The Port will periodically update its Comprehensive Plan to ensure that it remains consistent with the City of Chehalis and Lewis County comprehensive plans. The Port and the City have held ongoing discussions and will continue to work together to coordinate planning efforts for the development of the Port's Industrial Development Districts within the City's Urban Growth Area (UGA).

The primary purpose of the Capital Improvement Plan (CIP) is to aid in the implementation of the Comprehensive Plan goals and objectives. The CIP assesses capital needs, identifies, prioritizes, and coordinates capital projects. It is closely aligned with the Port's capital budget. The CIP will be reviewed and updated on an annual basis. The CIP is attached as Appendix A to the Comprehensive Plan.

While the CIP includes a prioritized list of capital projects, the timing of the projects is contingent on funding availability. Historically, the Port has been very successful in leveraging local tax dollars with state and federal funding to finance capital projects. The Port will continue to pursue available state and federal funding sources aggressively, and Port staff will keep the Commission and the public updated on the status of the plan and individual projects and the funding for them.

C. PROJECT FEASIBILITY

The Port will consider a number of variables when assessing the feasibility and timing of individual capital improvement projects. These variables include financial and ownership aspects of a capital improvement project.

1. PROJECT BENEFIT

Those who benefit from a Port facility should pay for its development. The amount of payment should be proportionate to the benefit received. When properties other than Port property are benefited, access to the improvement and payment for the benefit will be addressed prior to beginning the project.

For example, the Port proposed forming a Local Improvement District (LID) to pay for the improvements under the Phase One Infrastructure project. Several landowners within the proposed LID did not favor the LID, and the Port opted to use an alternative funding method—a latecomer fee method of assessment for benefited landowners. Under this method, property owners who later opt to access an infrastructure improvement may pay their proportionate share of the improvement at the time they access it. For future projects that include improvements to be granted by the Port to another governmental entity, the latecomer fee, if any, will be identified at the time the improvement is granted by the Port. For future projects, both the latecomer fee and the LID method will be considered.

2. PROJECT COST

The cost of the capital project will be amortized over the life of the improvement.

3. OWNERSHIP

Ownership of the capital project will be evaluated prior to beginning the project. In considering retaining ownership of the project, the Port will evaluate the cost of operating and maintaining the project. If it is feasible for the Port to retain ownership, a capital maintenance plan will be completed prior to financing the project. It will be determined if it is more feasible for the Port to grant the improvement to another entity upon completion before beginning construction of the project.

4. LEGAL REQUIREMENTS

Federal, state, and local mandates may require implementing a particular project or activity.

5. PUBLIC HEALTH & SAFETY

Public health and safety should be evaluated for all projects and activities. Projects or activities that will improve public health and safety are a high priority. The impacts, if any, to the public health and safety of each project will be analyzed, and any adverse impacts mitigated.

6. ENVIRONMENTAL ISSUES

Environmental impacts will be studied for each project prior to proceeding with a project. The analysis is completed through the State Environmental Policy Act (SEPA) process. Projects with adverse impacts to the environment may be undertaken if the impacts can be mitigated. Alternatives may be studied, and when practicable, may be utilized to alleviate, reduce, or eliminate adverse environmental impacts.

7. ECONOMY OF SCALE

It may be more cost-effective to combine several small projects into a single large public works project. The Port will consider the cost and benefits of grouping related projects and will combine projects when it would be sufficiently beneficial.

8. PUBLIC INPUT

The Port will seek public input on all projects through the planning, permitting, and construction phases. Public input on capital projects is vital to project success. The Port will consider public input carefully when deciding on capital projects.

9. FUNDING SOURCES

Because of its limited tax revenues, the Port will continue to seek local, state, and federal grant funding to assist in financing capital projects. The Port also will continue to access government loan programs when conventional loan funding is not feasible. A financial feasibility study will be completed on all projects, and the most appropriate and available funding sources will be used.

10. SEASONAL FACTORS

The timing of the project must be considered for start and end dates. The proper time of year for beginning large earthwork projects may depend on weather conditions. Costs may be affected depending on time of year for bidding.

APPENDIX A: CAPITAL IMPROVEMENT PROJECTS

A. INTRODUCTION

This section presents detailed project or activity descriptions and exhibits for the Port's 2006 Capital Improvement Plan (CIP). These projects or activities are intended to present conceptual design or guidelines for future planning and funding decisions. In this section, an *activity* refers to items such as planning, land use related activities, and platting/property division, while *project* is used for items such as capital improvements, infrastructure development, and other construction-related elements.

The conceptual or schematic design of specific infrastructure components will conform to applicable federal, state, and local requirements as well as the Port's Development Standards presented in Chapter 5 of the Comprehensive Plan.

Conceptual projects have been discussed in several public meetings, including input from staff, Commissioners, and taxpayers. The outcome of these meetings was used as the baseline data for the projects and activities presented. The majority of the projects and activities presented are focused within the boundaries of Industrial Development Districts No. 1 and No. 2.

B. CAPITAL IMPROVEMENTS PROJECT LIST

A table summarizing capital projects follows. Information on previous capital improvements historically discussed by the Port that have not been included in the Capital Facilities Plan is available in the Port office.

Table 5. Port of Chehalis Capital Facilities Plan Summary

PRIORITY/ PROJECT	START	FINISH	ESTIMATED COST	LEAD AGENCY	FUNDING SOURCES	STATUS	RATIONALE
1. Rush Road Extension	Summer 2005	Summer 2007	\$2.5 Million	County	State funds, County, & Port	In design	Freight mobility
2. Port of Chehalis Utilities Extension	Fall 2005	Spring 2007	\$700,000	Port	Port, private, & County	Design approved	Open properties, complete circulation
3. Programmatic Wetland Mitigation	July 2005	July 2007	\$200,000	Port	Appropriations, grants, Port	Establishing wetlands inventory	Shovel -ready property
4. Preliminary Plat Finalization		July 2006		Port	Operations/Port budget	Ready to go, except for potential modifications through planning	Retains vested rights under existing code
5. Bishop Road Sewer Extension		2007–2008		Port/City	Grant, Port budget	Relies on final site design	Sewer to East Area sites
6. Spec Building		2006–2008		Port	Grants, loans, Port budget	To be designed	Marketing exposure & providing ready-to-go space
7. Curtis Industrial Site	Ongoing			Port	Obtain option or first right of refusal for additional acreage	Maintain property; look for opportunity-driven employer	Provides for large-scale user
8. Land Acquisition	Ongoing			Port	Port budget	Develop site selection criteria for new acquisitions	Maintains ample inventory of varied-size sites
9. Hope Memorial Park	2007	2007		Port/City	Sale of property	In design	Upholds community commitment
10. Buffer Areas	Spring 2007	Ongoing		Port	Sale of property, Port budget	Design approval	Creating separation between residential & industrial areas
ITEMS BELOW ARE NOT RANKED AS PRIORITY CAPITAL FACILITY PLAN PROJECTS, BUT ARE PART OF PORT'S LONG-RANGE PLANNING							
Downie Road Extension				County/City		Port will be catalyst for improvements	
Trail Linkage				Port/City	Grants	Applications in process	Improves recreational & tourism facilities
Transload Station				Port		Tenant-driven facility	

APPENDIX B: INDUSTRIAL DEVELOPMENT DISTRICT

A. WHAT IS AN INDUSTRIAL DEVELOPMENT DISTRICT

A port district is authorized under RCW 53.25.040 to ...”*create industrial development districts within the port district and define the boundaries thereof, if it finds that the creation of the industrial development district is proper and desirable in establishing and developing a system of harbor improvements and industrial development in the port district.*”

The specific powers of an industrial development district within a port district are authorized under RCW 53.25.100.⁶ The primary purpose of an industrial development district is to allow a port district to develop or redevelop marginal lands within the industrial development district boundaries in a sound manner to further economic stability, provide provisions for appropriate continuing land use, and to protect and promote the general welfare of the inhabitants of the port district in which the industrial development district exists.

B. PURPOSE OF AN IDD

The key element of industrial development districts and the primary purpose is the development and redevelopment of marginal lands. Marginal lands are defined in RCW 53.25.030, and can be characterized by one of several characteristics. In general, marginal lands are properties which are either deteriorated or in the process of deteriorating due to disuse, inconsistent use, inadequate infrastructure, faulty planning, inadequate subdivisions, widely scattered parcel ownership, and others. The existence of marginal lands as characterized in statute constitutes a serious and growing menace which is detrimental to the public health, safety, and welfare of the people of the community in which they exist and of the people of the state. Marginal lands present difficulties and handicaps which are beyond remedy and control solely by regulatory processes. They contribute substantially and increasingly to the problems of, and necessitate excessive and disproportionate expenditures for public services without generating sufficient tax revenues to pay their proportionate share for such services. Conditions of marginal lands tend to further obsolescence, deterioration, and disuse because of the lack of incentive to the individual landowner and his inability to improve, modernize, or rehabilitate his property while the condition of the neighboring properties remain unchanged. In many instances, redevelopment of marginal lands is so difficult and costly that it is uneconomical, and as a practical matter impossible, for owners to undertake because of lack of power and excessive costs. In addition, the process of deterioration of marginal lands frequently cannot be halted or corrected without redeveloping the entire area, or substantial portions of the area.

The benefits which result from remedying the conditions found with marginal lands and the redevelopment of such marginal lands will accrue to all inhabitants and property owners of the communities in which they exist. The remedying of conditions found with marginal lands may require public acquisition of the areas, at a fair market price, in order to redevelop the area suffering from such conditions. The public agency can provide proper supervision for the project, appropriate planning, and provisions for continuing land use. “...*The development and redevelopment of marginal lands and the provision of appropriate continuing land use constitute public uses and purposes for which public moneys may be advanced or expended,... and are governmental functions and are of state concern in the interest of health, safety and welfare of the state of Washington, and of the communities in which such areas exist.*” (RCW 53.25.010).

⁶ See Appendix for Related RCW.

The state statute is specific to the powers of an industrial development district (see RCW 53.25.100). As stated above, the primary purpose of an industrial development district is to develop or redevelop an area in the appropriate manner to insure consistent land use, economic stability, and public health, safety and welfare. The development itself is driven by the needs of the community in which the port district and the industrial development district are in. The statute states all port districts are authorized to buy and sell land within the industrial development district as needed, “...to develop and improve the lands within such industrial development district to make the same suitable and available for industrial uses and purpose; to dredge, bulkhead, fill, grade, and protect such property; to provide, maintain, and operate water, light, power and fire protection facilities and services, streets, roads, bridges, highways, waterways, tracks, and rail and water transfer and terminal facilities and other harbor and industrial improvements; to execute leases of such lands or property or any part thereof; establish local improvement districts...”

There are no immediate impacts to land within an industrial development district boundaries except to define the boundaries in which the port district may exercise powers described in Chapters 53.25 of the RCW, i.e., to acquire, develop, improve, and sell or lease property within the industrial development district to private industry. Again, the purpose of the industrial development district is to provide an optional mechanism which a port commission may use if it finds that an industrial development district would be “proper and desirable in establishing and developing a system of harbor improvements and industrial development in the port district.” The creation of an industrial development district may signal a port commission’s intent to proceed with those activities, but does not necessarily bind the commission to take any particular action.

C. PROCESS FOR ESTABLISHMENT OF AN IDD

In order to establish an industrial development district a port may, after holding a public hearing, of which at least ten days notice shall be published in a daily newspaper of general circulation in the port district, create industrial development districts within the district and define the boundaries thereof, if it finds that the creation of such an industrial development district is proper and desirable in establishing and developing a system of harbor improvements and industrial development in such port districts (RCW 53.25.040).

No expenditure for improvement of property in an industrial development district, other than the expense of preparing and submitting a plan of improvements, shall be made by a port district, and no property shall be acquired by it except as provided for by statute, until it has been made a part of the comprehensive scheme of harbor improvements and industrial developments or amendments thereto (RCW 53.25.90). The comprehensive scheme or amendments thereto shall provide for the development or redevelopment of those marginal lands acquired and a provision for the continuing of the land uses which are hereby declared to constitute public uses and the purposes for which public moneys may be advanced and property acquired.

Once an industrial development district is created certain restrictions apply to the port district and to purchasers of port property within the industrial development district. Once created, the industrial development district’s boundaries can be reduced by resolution, with certain exceptions and restrictions as to the property acquired by the port district. One of the restrictions relates to land acquired by the port district that was included in the industrial development district for less than two years, and was acquired by condemnation or threat of condemnation. If that area is deleted the former owner must be given an opportunity to repurchase it within a certain time.

The purpose of the public hearing prior to forming an industrial development district is to find out what objections the port’s citizens and landowners may have. Landowners should make their feelings known to

the port, both at the public hearing and by letters to the port if they desire. Whether in or out of the industrial development district boundaries, the industrial development district itself does not restrict or increase the use to which the landowner may put his or her property. A restriction may apply when a private landowner seeks to access port owned improvements, such as infrastructure, within the industrial development district. An industrial development district is not a zoning regulation. If the landowners wish to develop their property for industrial or commercial use, the industrial development district probably would help facilitate that purpose and possibly increase the property value. If not, the benefit might be to have the advantage of an orderly and managed industrial and commercial neighborhood instead of haphazard industrial growth. If property is excluded from the industrial development district boundaries, the significance is that the port apparently is not planning to acquire the property. However, this is not a guarantee.

The principal “binding” provisions of an industrial development district involve the sales and uses of the property after it has been acquired by the port district within the industrial development district. Sales of port district lands within the industrial development district are subject to the provisions of RCW 53.25.110 through 53.25.160, including provisions for public hearing, and formal findings and determination by the commission regarding the advisability of the sale.

The purchaser of port district property must submit plans and specifications for the development of the property to the Port Commission, which must be approved by the commission in writing. The development of the property must be consistent with the port district’s comprehensive scheme of development. The conditions on which the sale is made must be included in the instrument conveying title, as covenants running with the land. The properties must continue to be devoted to the purposes set forth in the statutes (RCW 53.25.120, 53.25.160, 53.25.170). If the purchaser does not take certain steps to do so within one year the commission may cancel the sale, in addition to other remedies. The purchaser may not transfer title to the property within one year after the purchase.

Most of the powers that a port district are authorized to exercise under the industrial development district provisions are also authorized under other sections of the RCW. The creation of an industrial development district is not a necessary condition for a port district to acquire property. The industrial development district mechanism is a means for ensuring that land which a port has acquired and developed or improved for purposes of Chapter 53.25 RCW will continue to be used for those purposes in the future. The primary benefit of an industrial development district is to enhance a port’s ability to acquire, develop and improve the property as necessary or desirable for a port’s comprehensive scheme of harbor improvements. The industrial development district provides a broad and flexible framework for such future decisions. Conceivably some privately owned land within an industrial development district will not need to be acquired by a port, or certain property acquisitions may be necessary for a harmonious scheme. The industrial development district establishes a mechanism to facilitate those decisions when made.

D. PORT OF CHEHALIS INDUSTRIAL DEVELOPMENT DISTRICT NO. 1 AND NO. 2

The Port of Chehalis formed Industrial Development District No. 1 (IDD No. 1) in June of 1993. IDD No. 1 included only Port owned land at that time (see attached map). The Port planned for and began the development of lands within this IDD in 1993. *Phase I Development*, including road, water, sewer and other utilities, was completed in 1995 opening up a majority of the Port property within the IDD for development (see exhibit). The development of IDD No. 1 was rapid, and the Port recognized a need to expand the IDD boundaries to insure continued managed and consistent development for the area in furtherance of the Port’s and community’s goals.

It is not legally possible to expand the boundaries of an existing industrial development district. For this reason, the Port of Chehalis created a contiguous industrial development district - IDD No. 2 - to its existing IDD No. 1. By expanding the industrial development district area, the Port Commission believes it will be providing a better framework for planning for the area, and consistency in land use planning of the area with other jurisdictions. A second contiguous industrial development district allowed private landowners to partner with the Port in planning for future infrastructure and capacity needs for the area's continued development.

In considering the expansion of the Port's industrial development district area the Port Commission went to considerable lengths to include the public in the process. The Port sent a mailing to all landowners within these new proposed boundaries detailing what an industrial development district, personal contact was made by Port Commissioners, and two public hearings on the matter were held. Following the public process and hearings, the Port Commission created by resolution IDD No. 2 on September 11, 1997. The City of Chehalis, Lewis County, Chehalis Industrial Commission and the Lewis County Economic Development Council participated in this process throughout.

1. Land Use/Zoning

The Port's IDD boundaries are consistent within the Lewis County and City of Chehalis Comprehensive Plan and zoning for the area. Both IDD No. 1 and 2 are within the City of Chehalis Urban Growth Area (UGA). The zoning for the area is industrial/commercial. All development within the City's UGA, including the Port's development, must comply with both Lewis County and City of Chehalis development standards and regulations.

2. Infrastructure and Services

The area within the Port's IDD No. 1 and 2 is designated by the City and/or County as their existing or future utility service area. The Port has reviewed and identified available infrastructure and services and is participating in planning efforts to complete future needed improvements.

The following is a list of infrastructure and services reviewed:

- | | |
|------------------------------|--------------------------|
| * Roads/Transportation | * Natural Gas |
| * Water Service | * Telephone |
| * Sewer Service | * Power |
| * Drainage and flood control | * Solid Waste Collection |
| * Rail Service | * Fire/Police Protection |
| * Fiberoptics | |

These items will need to be reviewed for each additional parcel acquired by the Port prior to purchase as part of the feasibility study phase.

3. Development Standards

The Port has developed standards for development within IDD No. 1 and 2. These will insure uniformity within the boundaries. Coordination with federal, state, county, City and other local agencies has been ongoing to ensure consistency in development standards and provisions for a uniform and consistent atmosphere for the industrial area. The Port of Chehalis Development Standards are included in their entirety in this chapter.

4. Ownership and Maintenance of Improvements

The Port policy is for ownership of land to remain with the Port whenever feasible. The Port will enter into private long-term lease arrangements for specific lots or tracts. In the event land is sold to a private entity, the Port will insure through covenants that the properties will be developed consistent with the Port of Chehalis Development Standards. The Port will set management and design standards on leased properties to achieve objectives and policies. The Port will oversee and approve all landscape installation and maintenance on all port owned property and private property purchased from the Port to insure continuity of appearance and adherence to the Port's overall scheme of development.

Summary

This chapter has provided an explanation of what an industrial development district is and why it is beneficial to the community and the Port District. The Port of Chehalis Industrial Development District No. 1 and No.2 will provide the Port with the method for continuing on its current path of managed and controlled industrial development for the continued benefit of the citizens of the district.

E. PORT OF CHEHALIS DEVELOPMENT STANDARDS

1. SITE DESIGN AND LAYOUT

a. Street and Roadways

Constructed as required by local permitting.

b. Railways/Industrial Spur

Industrial spurs shall be located such that:

1. View of railway cars from roadway is screened;
2. The rear of the building is utilized as the docking facility, if possible;
3. Vehicular and pedestrian crossings are minimized; and
4. Containment of unloaded materials is possible.

c. Gas, Electric, Telephone and Cable Utilities

Gas, electric, telephone and cable utilities shall be located:

1. To minimize conflicts with water, sewer and storm drain facilities; and
2. In joint trench wherever allowed and possible to allow easy access for maintenance.

Joint trench, if allowed by the utility shall meet the Joint Utility Specification for placement. Extension of these utilities shall be done with approval of the utility provider, and in coordination with the utility provider.

d. Water Location

Extension of water mains will be reviewed and approved by the City of Chehalis Public Works Department, and in accordance with all City standards and requirements. Layout of on-site water mains shall be such that maximum use of fire hydrant spacing and valve location is utilized and shall be reviewed and approved by the Lewis County Fire Marshal, the City of Chehalis Fire Marshal and any other individual or department as required. Required horizontal and vertical separation from other utilities and buildings must be maintained.

e. Sanitary Sewer Location

Sanitary sewer design and layout will be reviewed and approved by the Port and the City of Chehalis and will be in accordance with the Department of Ecology's criteria for sewage works design. The layout of mains will take into consideration possible future extensions to serve greater land areas in the development.

f. Storm Drainage Facilities

Drainage facilities shall be made attractive features of the local environment. To this end designers will be creative in shaping, screening and landscaping facilities and to consider aesthetics when choosing alternatives for parking lot paving, conveyance systems, detention facilities, weirs, check structures, etc. Plans will be submitted to the Port for review and approval.

Hydrology and hydraulic calculation for the design of private and public drainage facilities should be completed by a registered professional engineer. Best Management Practices as outlined in the Department of Ecology's Storm Water Management Manual shall be incorporated in the design for storm drain design. City of Chehalis Public Works Department shall be consulted for conformance to the Storm Water Management Plan adopted by the City of Chehalis.

The storm water outlet design shall not allow increase in the pre-existing peak flow. Operation and maintenance of storm water facilities shall be the responsibility of the property owner.

g. Setbacks

Industrial and commercial front building setbacks will be a minimum of 25 feet from the edge of the road right-of-way, or in accordance with the Lewis County Setback Ordinance, whichever is greater. Industrial and commercial side and rear building setbacks will be a minimum of twenty (20) feet from a property line. Where industrial sites abut or face any existing residential use, a setback of fifty (50) feet on the side abutting or facing the existing residential use shall be provided. Screening measures such as landscaping with lawn, trees, hedges, etc., or other conditions necessary to protect the character of the residential use and provide for public health and safety will be required. The Port shall review and approve to screening and/or landscape plans.

The front yard setback area of each site, including undeveloped road right-of-way, will be landscaped with an effective combination of native grasses, ground covers, lawns, and shrubbery. All unpaved areas not utilized for parking will be landscaped or preserved in native vegetation.

Side and rear yard setback areas not used for parking or storage will be landscaped using natural vegetation, native grasses, lawns, ground cover, and/or shrubs and trees.

h. Landscaping

A landscape plan shall be prepared and submitted to the Port for approval. The landscape plan shall conform to these guidelines and be approved by the Port before construction of any site improvements.

Open areas to the front of buildings shall be planted in grass or other vegetation harmonious to the natural landscape. No plantings, fences or walls will obstruct views so as to create a traffic hazard. Natural vegetation should be retained where possible. Provisions shall be made within each building's water supply to water landscaped areas. Particular attention will be paid to landscaping along street frontages, between street and parking areas, and between parking areas and buildings. Driveway entrances will be well-defined with landscaping, curbs, or other improvements.

Landscaping provided by each tenant will consist of plantings of native and/or ornamental plants which screen parking, loading areas, and storage yards from public view. Landscape plans will create a pleasant and harmonious relationship between built facilities, the natural and agricultural landscape, and adjacent development. Landscape designs shall take into account the screening of parking and storage areas (see paragraph m. Fences and Walls), the reduction of visual impacts related to large buildings, the retention of existing trees and vegetation, and the creation of a positive image for the lessee. To the extent possible, existing native trees and vegetation will be retained and enhanced as part of landscape designs.

All required landscape improvements will be in place to the satisfaction of the Port within six months of building occupancy, unless otherwise approved by the Port.

i. Parking

One and one-half (1 ½) car parking spaces are required for every employee (the highest number of employees present during any one shift change). For further detail, apply to the Port Commission.

An approved landscape buffer must be provided between all parking lots and street and between parking lot and side or rear property lines.

Vehicle parking areas will be paved with asphalt or concrete, or other suitable hard pavement surface. All other truck parking and material storage areas must be surfaced with crushed rock at a minimum. Pavement designs shall take into account the drainage characteristics and compressive strength of native subsoils. The Port may provide general recommendations for minimum pavement designs.

All entrance drives will not be less than twelve (12) feet in width for one-way traffic and not less than twenty-four (24) feet in width for two-way traffic. The direction of traffic flow shall be suitably designed and clearly marked on the paved surface or with signs.

No parking lot will be so arranged as to allow or require backing of vehicles onto streets or roads within the industrial park. No parking is allowed along roads or streets unless specifically provided. Dead-end parking lots which preclude adequate traffic circulation will be avoided.

j. Lighting

All lighting should be shielded from adjoining properties or roads when it would create glare or in any way pose an annoyance. Lighting should be subject to continual review and upgrade by the Port.

k. Sidewalks and Internal Pedestrian Circulation

A safe, all-weather, efficient and aesthetically pleasing pedestrian circulation system should serve each site, including connecting parking areas with building entries and connecting buildings to one another.

Sidewalks shall be provided at the time of site development.

1. Screening of Exterior Mechanical/Electrical Equipment

Roof mounted mechanical equipment, or screening devices for mechanical equipment when required, should appear as an integrated part of the architectural design, and should be constructed of materials with finishes and colors which are compatible and complimentary to the overall architectural design.

Exterior components of plumbing, processing, heating, cooling, and ventilating systems should not be mounted on any building wall unless they are an integrated architectural design feature and in any case shall be permitted only with the written approval of the Port.

Electrical equipment shall be mounted on the interior of a building wherever possible. When interior mounting is not practical, electrical equipment shall be mounted in a location which is substantially screened from public view.

Exterior mounted electrical equipment and conduits should be kept to a visible minimum, but where visible shall be installed in a neat and orderly fashion and painted to blend with its mounting background.

m. Fences and Walls

Installation of fences and walls within a lot for the purpose of site security, sound attenuation, separation of functional activities, and screening of unsightly functions and activities is required. Fences and walls should not contribute to a decrease in the safety or efficiency of traffic flows on sites fronting streets. Fences and walls between buildings and fronting streets are discouraged and must have prior Port approval.

All fences and walls should be designed as an integrated part of the overall architectural and site design. All fences and walls will be eight (8) feet in height, unless otherwise approved by the Port Commission. Landscape materials used as an integral part of the fencing is encouraged. Barbed wire may be used only on top of a fence at least six feet high. All materials used will be durable and finished in textures and colors complimentary to the overall architectural design.

2. STANDARD SPECIFICATIONS

a. Streets and Roadways

Design detail, workmanship, and material shall be in accordance with the current edition of the "Standard Specification for Road, Bridge and Municipal Construction," the "APWA Amendments to Division One," all written and promulgated by the Washington State Chapter of the American Public Works Association and the Washington State Department of Transportation, except where these standards provide otherwise. All roads, public or private, shall conform with the Lewis County Rural and Urban Road Standards.

Design of all pavement structures public and private shall be performed and certified by a registered professional engineer.

In development where water, sanitary sewer, or storm drainage improvements, or any private utility on public street improvements are required, no paving of the public right-of-way shall occur until all utility improvements in the street construction are complete. In order to satisfy this requirement and avoid gravel streets, a short term two (2) layer chip seal surface will be accepted for a term not to exceed eighteen (18) months after installation of facilities. Developers must “bond” in an acceptable manner the final A.C. pavement.

Roadway signage and striping shall conform with the U.S. Department of Transportation and Federal Highway Administration’s Manual on Uniform Traffic Control Devices (MUTCD).

In general, roadways will be hot mix asphalt surface Class B over standard crushed aggregate.

b. Railways/Industrial Spur

Railroad spurs and industry trackage shall be designed and constructed in conformance with current American Railway Engineering Association Standards and Burlington Northern Company’s System for the Construction of Industrial Trackage by a private contractor.

c. Gas, Electric, Telephone and Cable Utilities

To the extent possible, the Port will provide utility service to leased property. Actual utility connections to new development will be the responsibility of the tenant, unless other arrangements are made with the Port.

All utility work must conform to Standard Specification for Roads and Bridges, latest edition, by Washington State Department of Transportation and APWA. All utilities will be underground, including telephone unless otherwise approved by the Port. Patches required following utility work to industrial park roads must conform to Washington State Department of Transportation standards and specifications.

d. Water

Water works and extensions of water mains shall be constructed and tested in accordance with the American Water Works Association, Washington State Department of Transportation Standard Specifications, Department of Health and City of Chehalis requirements.

e. Sanitary Sewer

Sanitary sewage works will be constructed in accordance with the Department of Ecology Criteria for Sewage Works Design, Washington State Department of Transportation’s Standard Specifications, the City of Chehalis’ Development Standards, and shall be approved by the City of Chehalis.

f. Storm Drain Facilities

Storm drainage measures shall be designed and constructed in accordance with the Washington State Department of Transportation's Standard Plans and Specifications, Lewis County construction details and requirements, and as a supplement, the Department of Ecology's Storm Water Best Management Manual. Concrete storm pipe is required in public or future public rights of way. Minimum size utilized in the public right of way shall be eighteen (18) inches. Utilization of corrugated metal piping on site is discouraged.

3. LAND USE STANDARDS

All development within the Port of Chehalis IDD No. 1 and 2 should be consistent with the Comprehensive Plans for Land Use of the City of Chehalis, Lewis County and the Port of Chehalis. The planned Land Use element for all Port-owned property is industrial/commercial.

The primary use of all sites will be for industrial and industrial compatible land uses. No residential uses will be permitted except for approved on-site security personnel.

4. BUILDING DESIGN AND SPECIFICATIONS & SITE DEVELOPMENT

All buildings constructed or moved onto Port property are subject to review and approval by the Port. All structures will be architecturally designed to create an acceptable appearance, compatible with the site, nearby buildings, and future proposed development. Building design should compliment the natural and rural setting of the Port property. While variety and individuality reflecting the tenant's business activity is desirable, it is the intent of the Port to encourage harmonious continuity of architectural character throughout the industrial park.

a. Materials and Colors

Natural colors are preferred to bright, vibrant colors for basic building surfaces. Bright accent colors on window trim or other elements may be desirable. Reflective glass or reflective metallic building surfaces, roofs and fenestration should be avoided. The use of roof overhangs as a device to modulate and enhance large areas of wall not containing other architectural features is preferred and encouraged.

All exterior walls shall be finished masonry, concrete, face brick or stone, painted steel or equivalent. Wood exterior construction where permitted by code, may be used for office structures or other similar uses upon approval by the Port. Exterior materials that are easily maintained and those that resist soiling, color fading, and damage should be selected over materials that have a short life cycle.

b. Building Form

All buildings shall be designed in accordance with the requirements of the adopted edition of the Uniform Building Code, and other applicable regulations of Lewis County (or City of Chehalis, if applicable) and the State of Washington.

Pole buildings or other construction types without concrete floors and foundations and/or agricultural sheds and buildings are discouraged and will be subject to review and approval by the Port.

c. Building Entries

The use of projecting or recessed courtyard entries, having a strong sense of shelter and more intimate scale in contrast to the large mass of the building, is encouraged. Building entries should be designed in conjunction with landscaped parking areas.

d. Energy Guidelines

All buildings should conform to the requirements of the Washington State Energy Code. The integration into the architectural design of shading devices (such as sunscreens, awnings, trellises) is strongly encouraged. Building designs which maximize the use of natural light are encouraged (roof monitors, window orientation, etc.) Bonneville Power Administration Energy Conservation Design Service shall be used if available.

e. Storage, Service and Loading Areas

Service and loading areas should be minimally visible from streets, pedestrian circulation ways, open space areas and adjacent lots.

Loading or unloading trucks on streets or roads in the industrial park is prohibited. Truck loading docks and doors should be located to the rear and side of the buildings so that service vehicle activities and movements do not disrupt the efficient flow of on-site and off-site traffic. Adequate maneuvering space for trucks must be provided on site. Where truck door pits are constructed, pit drainage must be sized to handle run-off of heavy rainfall.

No front yard storage will be allowed. Side and rear yard storage areas will be allowed, if adequately screened with fencing and/or vegetative buffers. Fencing shall be in accordance with Paragraph 1. m. Fences and Walls of this section.

f. Refuse Collection Areas

Refuse and refuse containers should be located and/or screened so they are not visible from areas within buildings, streets, pedestrian areas, and adjacent lots and buildings. Refuse collection vehicles should have clear and convenient access to refuse collection areas. A refuse collection area shall be provided on each lot, within or directly adjacent to the building. Freestanding refuse enclosures are permitted only with the specific written approval of the Port. All refuse containers shall be completely screened from abutting properties and/or streets by sight-obscuring wood fencing or masonry walls and appropriate landscaping. Refuse container screening shall be of a material and design compatible with the overall architectural theme of the associated structure, shall be at least as high as the refuse container and shall in no case be less than six feet in height. No refuse container will be permitted between a street and the front of a building. Refuse collection areas should be designed to contain all refuse generated on-site and deposited between collections. Deposited refuse will not be visible from the outside the refuse enclosure.

g. Signage

All signs are to be reviewed and approved by the Port, unless otherwise provided for in a written agreement between a tenant and the Port. Complete and accurate sign layouts showing proposed message, layout, colors, materials, size, location, illumination if any, and other relevant features must be provided.

All industrial park tenants are required to have a sign visible from the road identifying the business name. The purpose of signing at the industrial park is business identification only. No off-premise advertising signs or signs for purposes other than business identification will be allowed.

Tenant Signs:

- Signs visible from the exterior of any building may be lighted, but no signs or any other contrivance shall be devised or constructed so as to rotate, gyrate, blink, or move in any animated fashion.
- Signs shall be restricted to advertising only the person, firm, company, or corporation operating the use conducted on the site or the products produced or sold thereon.
- All signs attached to the building shall be flush mounted. No signs shall extend above the roof line of the building they are attached to.
- Only one (1) single-faced or doubled-faced sign shall be permitted per street frontage. No sign shall exceed one hundred twenty-five (125) square feet in area per face. An additional twenty (20) square feet shall be allowed for each additional business conducted on a site.
- (Note: Research this FHA)
- No ground signs may exceed six (6) feet above grade. Grounds signs in excess of one hundred (100) square feet in the area should not be erected in the first ten (10) feet measured from the property line and side setback area. The above standard does not apply to directional signs or temporary signs.

Temporary Signs

- Upon approval by the Port, temporary signs advertising the sale or lease of property, future tenants, responsible agents or realtors, future construction, and parties responsible for design and construction shall be allowed for a period of up to one (1) year.

Directional Signs

- The Port will be responsible for erecting and maintaining a directional sign system within the industrial park. All directional signage will be provided by the Port and at its discretion.

h. Environmental

The handling, discharge, and disposal of hazardous materials is of special concern to the Port of Chehalis. In the interest of long term economic viability of the property and the continued health and safety of the industrial park tenants, the Port requires that tenants conform to all local, state, and national requirements regarding hazardous and toxic material. Tenants with potentially environmentally sensitive operations may be required to provide regularly scheduled environmental assessments and/or audits, and to submit the certified results to the Port.

i. Disposable Waste

Removal of solid waste from Port property is the responsibility of the tenant, and will be done in accordance with the terms of the lease. All outdoor refuse collection areas shall be in accordance with Paragraph 2.

Discharge of any waste or waste products, including chemical compounds of any kind, will not be permitted onto the grounds or into the sewer system. All disposable waste will be discharged in accordance to rules and regulations of the appropriate governmental agencies having jurisdiction.

j. Maintenance

Tenants must maintain the site and all structures in good order, repair and safe condition including fences, signs, walks, driveways, lawns, and landscaping. Exterior surfaces shall be maintained in first-class condition and repainted or treated as required.

k. Nuisance Control

The Port of Chehalis will not allow industries that create the following nuisances to locate on its property and discourages their location on adjacent properties:

- Operations producing odors, fumes, smoke, dust, noise, vibration, air-pollution in a manner sufficient to be considered as adverse and unmitigatable environmental impact and negatively impacting water quantity and/or quality.
- Operations which violate local, state, or federal regulations.
- Operations considered to be excessively hazardous and a threat to the public health and safety.

l. Exceptions/Variations

The Port of Chehalis recognizes that the building or site requirements of a particular user may require special adjustments to these general design and development guidelines. The prospective tenant may apply to the Port Commission for an exception and variance to these general guidelines.

The Port will consider and, at its discretion, deny or approve such applications. Approval is contingent upon the Port making the following findings:

- Imposition of the general design and development guidelines would represent a hardship for the tenant due to special requirements of their operation or of the site being utilized.
- The applicant demonstrated that the proposed modifications meet the intent of the guidelines and will not detrimentally affect either neighboring uses or the integrity of the Port of Chehalis Industrial Park.