

# CHAPTER 8

## ECONOMIC DEVELOPMENT

### I. INTRODUCTION

Thurston County serves as the regional center for much of the economic and business activity of Washington’s South Puget Sound and surrounding rural communities. This includes education, health, business services, retail, finance, cultural attractions, and government.

The Economic Development Chapter describes employment and workforce in the county, labor sectors, wages, sales revenue, and sets policies to address changing conditions.

#### 2019 Update: Critical Issues

- ❖ Responding to business challenges through innovative programs and policies;
- ❖ Providing a friendly regulatory environment and valuable resources to support the diverse rural economy;
- ❖ Strengthening collaboration between jurisdictions, education institutions, businesses and the Thurston Economic Development Council;
- ❖ Ensuring a local and educated work force to target growing industry sectors; and
- ❖ Supporting the development of infrastructure to meet the needs of growing and new businesses.

### GROWTH MANAGEMENT REQUIREMENTS

The Growth Management Act (GMA) requires an economic development element “establishing local goals, policies, objectives, and provisions for economic growth and vitality and a high quality of life.” The State included a goal in the GMA to guide the development and adoption of comprehensive plans and associated regulations:

- ❖ Encourage economic development throughout the state that is consistent with adopted Comprehensive Plans;
- ❖ Promote economic opportunity for all citizens of this state, especially for unemployed and for disadvantaged persons;
- ❖ Promote the retention and expansion of existing businesses and recruitment of new businesses;
- ❖ Recognize regional differences impacting economic development opportunities; and
- ❖ Encourage growth in areas experiencing insufficient economic growth, all within the capacities of the state’s natural resources, public services, and public facilities.

RCW 36.70A.020(5)

## II. PLANNING CONTEXT FOR ECONOMIC DEVELOPMENT

Thurston is the most populated county in the five-county Pacific Mountain Workforce region which also includes Lewis, Grays Harbor, Pacific, and Mason Counties. The economy of the county is highly integrated with that of the cities within its borders, particularly the urbanized areas within and surrounding Olympia, Lacey, and Tumwater. Thurston County also exists within the greater Puget Sound economy that includes Seattle and King County, which means Thurston County residents have the opportunity to commute to nearby counties for employment.

### A. COUNTY WIDE PLANNING POLICIES

Economic development is included within the goals adopted under the County Wide Planning Policies in 1993. These goals address issues for the seven jurisdictions, as well as Thurston County itself.

- 7.1 Encourage an economy that is diverse, can adapt to changing conditions, and takes advantage of new opportunities.
- 7.2 Support the recruitment, retention and expansion of environmentally sound and economically viable commercial, public sector and industrial development and resource uses, including the provision of assistance in obtaining funding and/or technical assistance.
- 7.3 Provide in comprehensive plans for an adequate amount of appropriately located land, utilities, and transportation systems to support desirable economic development. Create and maintain regulatory certainty, consistency, and efficiency.
- 7.4 Acknowledge and look for opportunities to engage with regional economic drivers such as state government, the Port of Olympia, and Joint Base Lewis-McChord. Coordinate economic development efforts as well with other jurisdictions, the Economic Development Council, Chambers of Commerce, and other affected groups.
- 7.5 Build a vital, diverse and strong local economy, including job opportunities that support community and household resilience, health, and well-being, by:
  - a. Supporting workforce training and offering opportunities for education and entrepreneurial endeavors.
  - b. Supporting creativity, arts, and culture.
  - c. Providing opportunities for a range of business types to succeed.
  - d. Emphasizing policies that support locally owned businesses including home-based, entrepreneurial, and nonprofit business and organizations.
  - e. Encouraging the development of local services for food, clothing and other basic human needs.
  - f. Nurturing urban and rural agricultural and food-oriented businesses.
  - g. Protecting resource lands.

- h. Encouraging the utilization and development of areas designated for industrial use, consistent with the environmental policies in these county wide policies.
- i. Connecting economic health with personal health and well-being and the advancement of environmental health.
- j. Adding incentives for business to demonstrate their environmental sustainability including reduction in greenhouse gas emissions

## B. SUPPORTING PLANNING ENTITIES

### **Thurston Thrives is a network that brings together community partners of Thurston County.**

Thurston Thrives was founded by the Thurston County Board of Health in 2013. The Thurston Thrives Economy Goals are influential in the Goals, Objectives and Policies of the Comprehensive Plan. The two main goals are to ensure:

- 1. More transformational jobs are created; and
- 2. Everyone builds social and economic wealth.

### **Sustainable Thurston is a community conversation.**

The purpose of the conversation is to identify a vision for a vibrant, healthy, and resilient future. The resulting Sustainable Thurston Final Plan emphasizes development and activity that build community prosperity while preserving the natural assets. Sustainable Thurston includes a “Sustainable Economy” chapter, which outlines the following high-level goals:

- ❖ Ensure adequate supply of shovel-ready land along primary transportation corridors and invest in commercial and industrial redevelopment;
- ❖ Coordinate economic development efforts to attract and retain businesses and jobs;
- ❖ Foster industry clusters to create jobs, and increase revenue circulation locally;
- ❖ Create an innovation culture to encourage entrepreneurship;
- ❖ Provide robust infrastructure to support economic development; and
- ❖ Foster a progressive education system to match worker skills with employer needs.



*"Balancing Land Use with Nature" by Olympia Noire. Thurston 2040 Photo Contest Winner. "We are guaranteed a brighter, more vibrant future through proper land use balanced with ecosystems that work in harmony with nature."*

### Additional Partnerships

A wide variety of public, private and non-profit organizations are actively engaged in fostering improved economic health and diversification of Thurston County's economic base. Community partners include all Thurston County municipalities, the Thurston Economic Development Council (EDC), local Chambers of Commerce, Port of Olympia, Pac Mountain Workforce Development Council, local colleges and universities, the Thurston Asset Building Coalition, Intercity Transit – who delivers workers to their places of employment, and dozens of other organizations.

Recently, through a partnership between the EDC and South Puget Sound Community College (SPSCC), a new Center for Business and Innovation (CBI) was established at the new SPSCC Lacey Campus. The CBI offers a one-stop center for business economic development, with services including:

- ❖ Training for current or prospective women-owned businesses;
- ❖ Business scale-up training for small and emerging businesses;
- ❖ Real estate and market data research and support;
- ❖ Entrepreneurship courses and degree certificates; and
- ❖ Government contracting support and education.

The training and entrepreneurship courses are especially relevant to the GMA goal of promoting economic opportunity for all citizens of this state, especially for unemployed and for disadvantaged persons. These empowerment programs are vital to promoting growth among micro-enterprises operated by women, minorities, veterans and other under-represented populations. The CBI also

hosts the South Sound Food Network (SSFN) and South Thurston Economic Development Initiative (STEDI) serving the greater Thurston County rural and agricultural communities. Additional services are available to help connect military (Lacey Veterans' Center), provide seed funding to micro-enterprises and prepare students and dislocated workers for current employment opportunities – whether through “Maker Space” access or via personal development workshops and internships offered through Pac Mtn WDC and Thurston Chamber Business to Business (B2B) training programs. These and many other initiatives are part of the Sustainable Thurston initiative coordinated by the TRPC.



*"Headed To The Pumpkin Patch" by Christina Shugart Eugy. Thurston 2040 Photo Contest Winner.*

"When I think of agriculture in Thurston County I think of our family visiting Rutledge Farm and riding in a wagon to the pumpkin patch to pick our pumpkins for carving and baking. It's become a family tradition, rain or shine. Of course, we always go through the maze too!"

### III. THE THURSTON COUNTY ECONOMY

#### A. WORKFORCE SECTORS & EMPLOYMENT

Thurston County is greatly influenced by its position as the seat of state government. As of 2016, more than 37,000 people were employed in government occupations, representing approximately 34 percent of the overall workforce. The total county population was 272,700 in 2016.

Health care and retail also provide a significant number of local jobs, 13 percent and 11 percent respectively, and are the fastest-growing industry sectors in Thurston County.

The growth in trade and service sectors is linked to several factors:

- ❖ Expansion of state employment which provided a local market for the trade and service sectors;
- ❖ Local consumers are making more local purchases due to regional shopping facilities built in the county;
- ❖ Shopping centers and medical facilities are serving more consumers from outside the county; and



- ❖ The shift in the national economy from traditional manufacturing to a service-based information economy.

Manufacturing continues to occupy a comparatively small role in the economy. Total employment in manufacturing is just 3 percent, illustrating the county's lack of diversity in its economic base. This reliance on one sector is cause for caution. Many other regions have felt insulated with their stability coming from one dominant sector, only to find years later serious changes affecting that stability.



*"Transportation By Sea" by Christina Shugart Eudy.  
Thurston 2040 Photo Contest  
Winner.*

*"There is an abundance of water around Thurston County and my favorite way to travel is by boat. We are so very fortunate to have this option of transportation."*

Fortunately, Thurston County has experienced relatively stable employment in the years leading up to and immediately following the Great Recession. The tables below show the unemployment rate and actual number of people in the civilian workforce versus the number employed or unemployed from 2000 through 2016. Thurston County had an unemployment rate of 4.7 percent in 2017.<sup>1</sup>

<sup>1</sup> Employment Security Department of Washington State, Labor Force (LAUS) Statistics, 2017

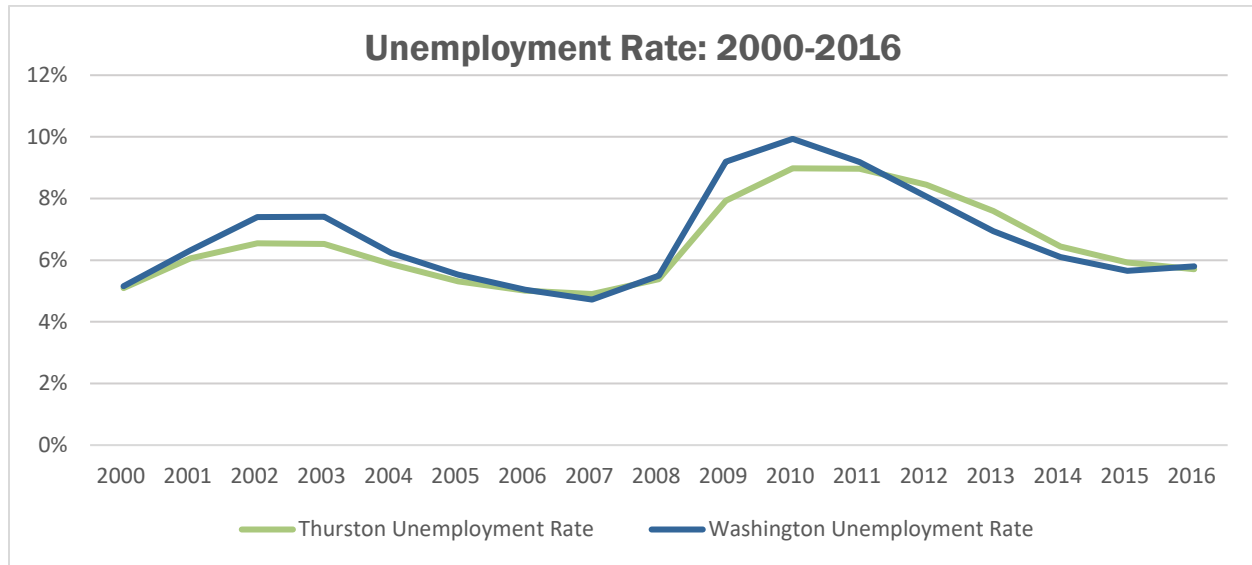


Figure 8-1. Unemployment Rate: 2000-2016.

SOURCE: EMPLOYMENT SECURITY DEPARTMENT/LMPA, U.S. BUREAU OF LABOR STATISTICS, LAUS.

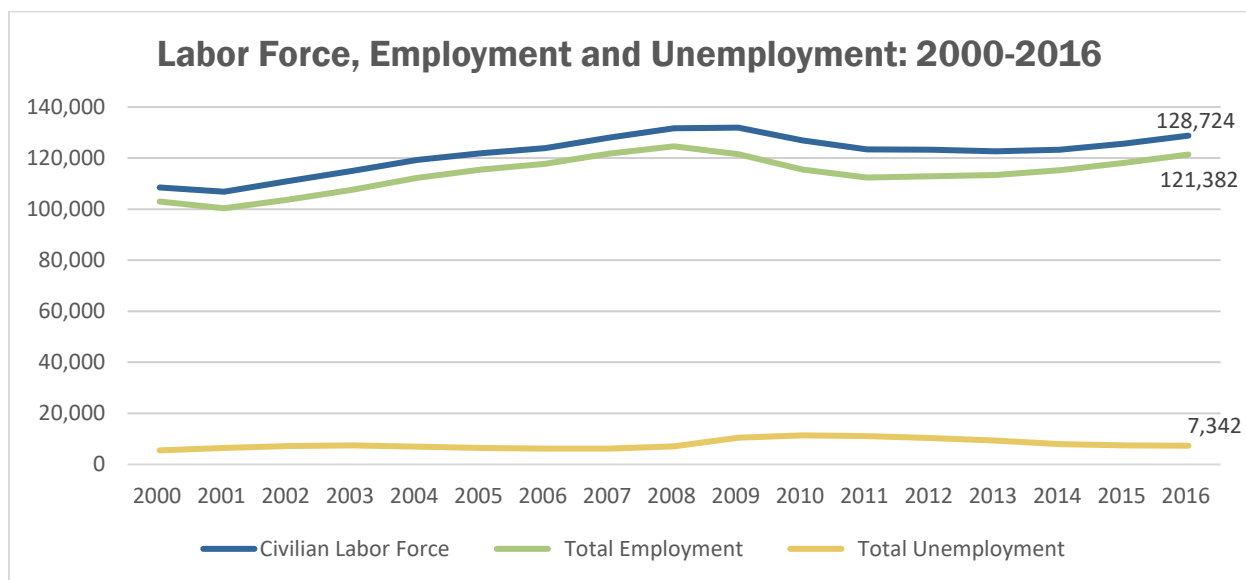


Figure 8-2. Thurston County Civilian Labor Force, Employment, and Unemployment: 2000-2016

SOURCE: EMPLOYMENT SECURITY DEPARTMENT/LMPA, U.S. BUREAU OF LABOR STATISTICS, LAUS

## B. TAX REVENUE

Internationally, nationally, and now locally, economies continue to change significantly. These changes are mainly driven by advances in technology. Often, the effects of declines in private-sector economic performance linger in the public-sector, which relies on the restoration of normal taxable

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revenue conditions to fully function. As seen during the Great Recession, a significant economic drop can lead to fiscal belt-tightening in government. In Washington State, property tax increases are capped at 1 percent annually and no income tax is collected, leaving sales tax as the most viable source of potential revenue growth).

The graphs below show the relative tax revenue generated in Thurston County over time, and the per capita equivalent of tax revenue generation based on population size.

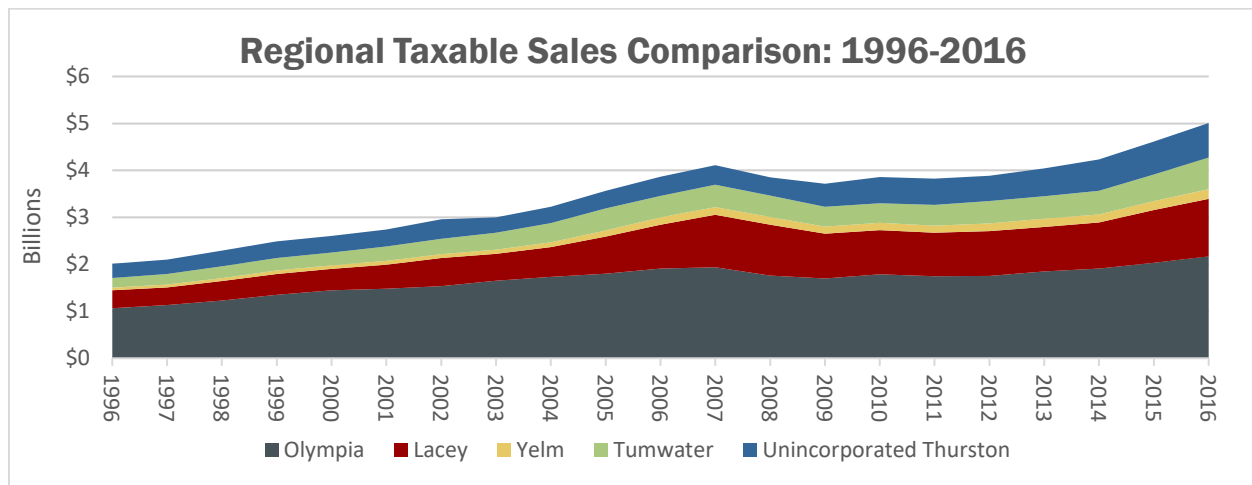


Figure 8-3. Taxable Sales Revenue in Thurston County: 1996-2016..  
SOURCE: WASHINGTON DEPARTMENT OF REVENUE.

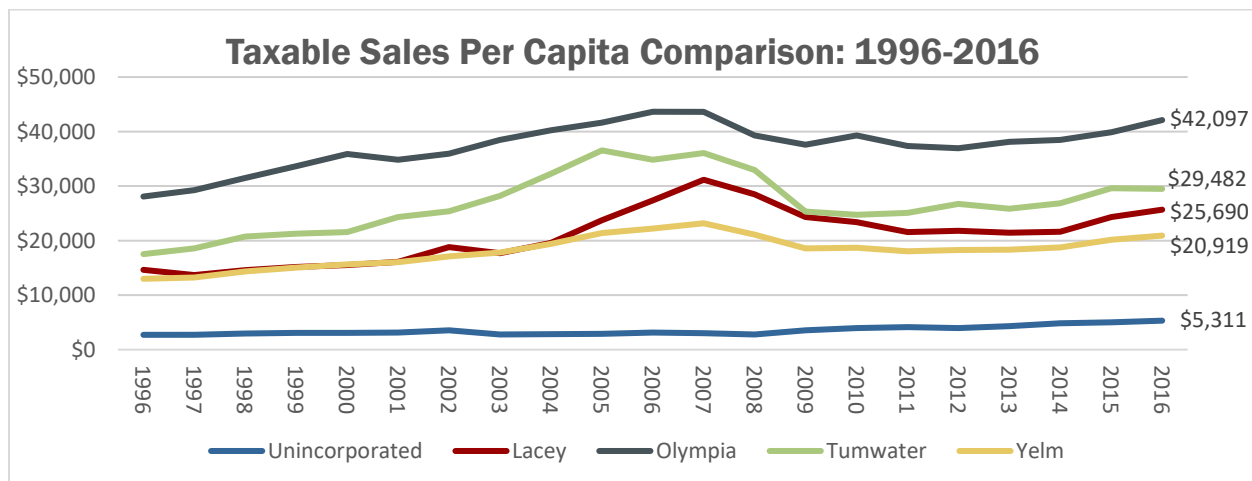


Figure 8-4. Taxable Sales Per Capita: 1996-2016.  
SOURCE: WASHINGTON DEPARTMENT OF REVENUE, JRO + CO.



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Table 8-1. Average Annual Wages and Employment by Industry.

SOURCE: WASHINGTON STATE EMPLOYMENT SECURITY DEPARTMENT, COVERED EMPLOYMENT (QCEW), 2017.

Industry Description	Firms		Total 2017 wages paid		Average annual employment		Average annual wage	
	Count	%	Total	%	Total	%	Average	Rank
<b>Total</b>	<b>7,923</b>	<b>100</b>	<b>\$5,564,735,410</b>	<b>100</b>	<b>113,126</b>	<b>100</b>	<b>\$49,191</b>	<b>-</b>
GOVERNMENT	172	2.2	\$2,298,053,114	41.3	37,909	33.5	\$60,620	7
Healthcare and social assistance	1,628	20.5	\$725,929,779	13.0	14,542	12.9	\$49,920	11
Retail trade	682	8.6	\$392,800,826	7.1	12,590	11.1	\$31,199	18
Accommodation and food services	475	6.0	\$175,030,489	3.1	8,983	7.9	\$19,485	19
Administrative and waste services	563	7.1	\$209,998,906	3.8	5,610	5.0	\$37,433	16
Construction	1,015	12.8	\$293,345,530	5.3	5,297	4.7	\$55,380	8
Professional and technical services	943	11.9	\$293,617,472	5.3	4,364	3.9	\$67,282	4
Other services, except public administration	655	8.3	\$157,735,783	2.8	3,790	3.4	\$41,619	12
Manufacturing	188	2.4	\$181,956,495	3.3	3,407	3.0	\$53,407	10
Wholesale trade	400	5.0	\$177,948,962	3.2	2,685	2.4	\$66,275	5
Transportation and warehousing	147	1.9	\$95,615,544	1.7	2,355	2.1	\$40,601	13
Finance and insurance	265	3.3	\$159,547,444	2.9	2,312	2.0	\$69,008	3
Educational services	109	1.4	\$82,284,900	1.5	2,126	1.9	\$38,704	14
Agriculture, forestry, fishing and hunting	174	2.2	\$75,144,764	1.4	2,023	1.8	\$37,145	17
Arts, entertainment, and recreation	97	1.2	\$26,965,647	0.5	1,416	1.3	\$19,044	20
Real estate and rental and leasing	248	3.1	\$52,231,405	0.9	1,362	1.2	\$38,349	15
Information	134	1.7	\$81,496,382	1.5	1,310	1.2	\$62,211	6
Management of companies and enterprises	14	0.2	\$64,339,290	1.2	827	0.7	\$77,798	2
Utilities	10	0.1	\$19,107,174	0.3	193	0.2	\$99,001	1
Mining	6	0.1	\$1,585,504	0.0	29	0.0	\$54,673	9
NOT ELSEWHERE CLASSIFIED	0	0.0	\$0	0.0	0	0.0	\$0	21

Industries in Thurston County with the greatest number of employees are not the industries with the highest average annual wages. Government, which ranks first in average annual employment, ranks 7th in average annual wage. Retail ranks third in the average annual employment but has pays \$31,199, much less than county average of \$49,191. The highest compensated industries, Utilities, Management of Companies and Finance and Insurance account for only 2.9 percent of total employment. While Public Administration (government) is by far the largest single driver, more than 75 percent of GRP is produced by other sectors.<sup>2</sup>

### C. ECONOMIC CONDITIONS AND PERFORMANCE

The following figures illustrate the composition of Thurston County's Gross Regional Product (i.e. the market value of all goods and services produced in a specific region and/or the sum of all local

<sup>2</sup> Thurston Economic Development Council, Mineral Lands Supply and Demand via JobsEQ 2017

Adopted November 2019

earnings, profits, taxes and government subsidies). The first figure shows how GRP has steadily grown over time (3.5 percent since 2016<sup>3</sup>), albeit with a flattening during the Great Recession.

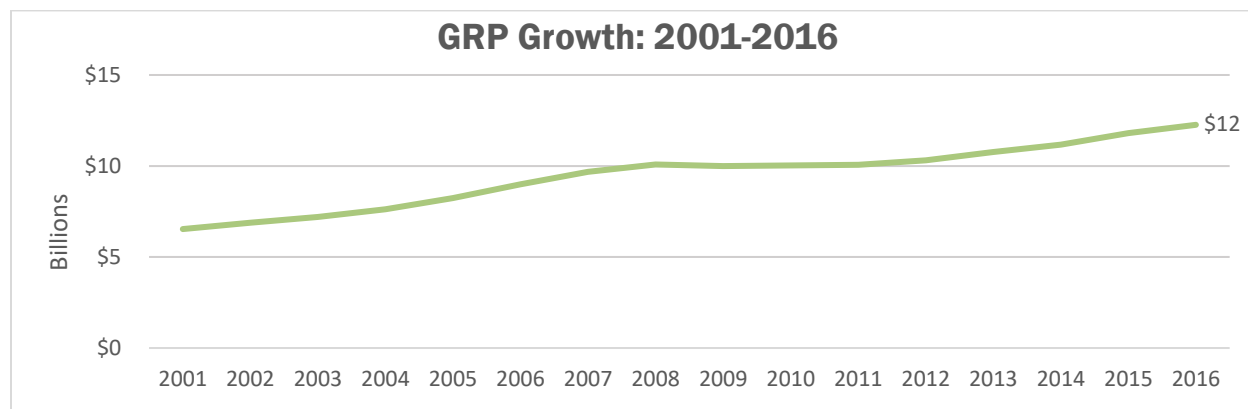


Figure 8-5. Thurston Gross Regional Product: 2001-2016.

SOURCE: JOBS EQ; THURSTON EDC, JRO+CO.

The figure below shows the relative contributions of industry sectors to the Thurston County GRP.

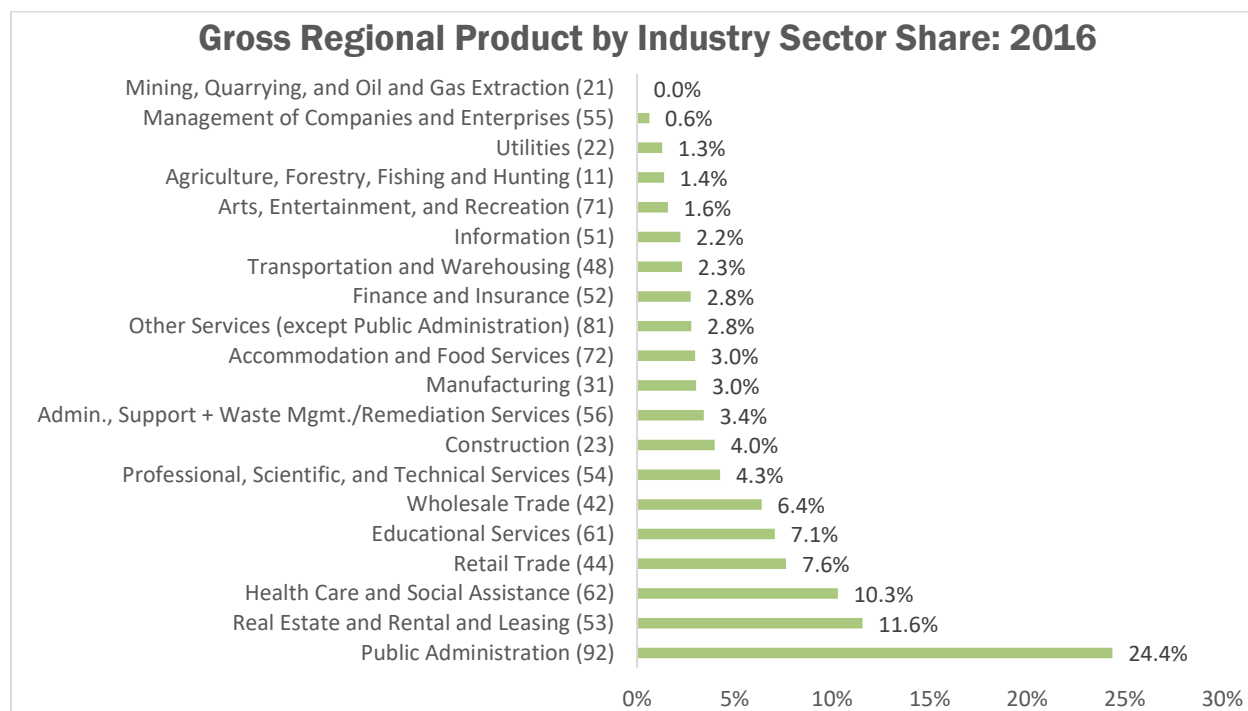


Figure 8-6. Thurston County Components of Gross Regional Product.

SOURCE: JOBS EQ; THURSTON EDC, JRO+CO.

<sup>3</sup> Thurston Economic Development Council, The Short Report, Thurston Economic Vitality Index 2017

**Farming and Agriculture**

Thurston County has a strong history and identity with farming, natural resources and agriculture. Farms serve as economic engines that provide for a diversified employment base. The combined industries of agriculture, forestry, fishing and hunting directly provided an average annual employment of 2,023 jobs in 2017.<sup>4</sup> However, there are likely even more workers in farming and farming adjacent positions that are currently working but are not recorded by the employment security department. This group of unrecorded farm workers includes owners and operators of small farms, contractors, people working farms while on social security, and more. While agriculture, forestry, fishing and hunting generate roughly one and a half percent of the County's gross regional product, the importance of these industries to the County warrants special consideration.

Thurston County farmers have access to several policies and programs that aid agriculture. Preserving agriculture land is especially important because approximately 14,388 acres (nineteen percent) of farmland was converted to other uses from 2012 to 2017.<sup>5</sup> This conversion is attributed to a high percentage of farmland within or close to urban areas. In 2009, 10,958 acres (16 percent) of farmland was within or adjacent to urban growth areas and an additional 40,359 acres (59 percent) of farmland were within one to three miles of urban growth areas.<sup>6</sup>

One way to protect agricultural land is through current use valuation with the Open Space Tax Act. In 1970, the Washington State Legislature adopted the Open Space Tax Act to "... maintain, preserve, conserve, and otherwise continue in existence adequate open space lands for the production of food, fiber, and forest crops, and to assure the use and enjoyment of natural resources and scenic beauty for the economic and social well-being of the state and its citizens." The Legislature recognized that the market value of land used for farming, timber production or open space uses is often much lower than its market value for other higher uses, like residences or businesses. Since property taxes must be based on the highest and best use under state law, owners of farmland or open space often have difficulty continuing their natural resource uses while paying higher use taxes. Land-owners often find that they have to convert their land to the higher uses. This reduces the overall supply of farmlands, forest lands and open space. In order to address that problem, the Legislature provided a way for County Assessors to base property tax assessments on the current use value of lands used for natural resource production or protection. Property owners who voluntarily commit to continuing these uses may apply for current use classification in the Open Space Tax Program and have their property assessments based on current use values, resulting in lower property taxes. However, as of 2009, only 51 percent of eligible farmland in Thurston County was enrolled in the current use valuation.<sup>7</sup>

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<sup>4</sup> Washington State Employment Security Department, Covered Employment (QCEW), 2017.

<sup>5</sup> United States Department of Agriculture, Census of Agriculture, National Agricultural Statistics Service Quick Stats, 2017

<sup>6</sup> South of the Sound Community Farmland Trust, Thurston County Farmland Inventory, 2009.

<sup>7</sup> South of the Sound Community Farmland Trust, Thurston County Farmland Inventory, 2009.

Adopted November 2019

A second tool to protect agriculture is through designating agricultural lands of long-term commercial significance. Thurston County designates areas as Long-Term Agriculture and Nisqually Agriculture to protect land for agricultural use. As of 2018, 14,894 acres were zoned as Long-Term Agriculture.<sup>8</sup>

A third tool to protect agriculture is through the voluntary stewardship program (VSP). The VSP is an alternative approach for counties to protect critical areas on agricultural lands. Instead of enacting further critical areas regulation on agricultural lands, the VSP allows the county to work closely with stakeholders to develop voluntary, site-specific stewardship plans. One of the benefits of the VSP planning process is that it's a local, grassroots planning effort. It also integrates programs that may already exist in the county, such as the Open Space Tax Program, Transfer and Purchase of Development Rights, and Agritourism (see Chapter 9 – Environment, Recreation and Open Space) of the Comprehensive Plan for more details). The mission of the VSP is to create a voluntary stewardship plan which protects critical areas while maintaining and enhancing the viability of agriculture. Increasing economic productivity of farms is important to the long-term retention of farms because many unprofitable farms are sold to developers, who convert the farm land into residential homes. In this way, the VSP helps preserve agricultural lands, long-term agricultural lands and the rural character of the County.

Preserving agricultural lands is a priority because Thurston County has lost over 75 percent of its working agricultural lands since the mid-1950s.<sup>9</sup> As overall farmland has decreased, there have been changes in the composition of individual farms. Table 8-2 below provides a snapshot of the size and count of farms in Thurston County from 2017. For example, in 2017 there were 38 farms that operated between 140 and 179 acres. Those 38 farms represented 3 percent of all the individual farms, of all sizes, in Thurston County. The total area operated by these 38 farms was 6,001 acres (6 percent of all operated farm area).

*Table 8-2. Acres of farmland and count of farms sorted by farm size category.*

SOURCE: UNITED STATES DEPARTMENT OF AGRICULTURE, CENSUS OF AGRICULTURE, 2017.

FARMS BY SIZE	ACRES		FARMS		AVERAGE
	Acres	%	Number	%	Acres/Farm
1.0 TO 9.9 ACRES	2,047	4%	444	37%	4.6
10.0 TO 49.9 ACRES	11,096	14%	490	41%	22.6
50.0 TO 69.9 ACRES	4,166	5%	73	6%	57.1
70.0 TO 99.9 ACRES	4,078	7%	51	4%	80.0
100 TO 139 ACRES	5,432	6%	47	4%	115.6
140 TO 179 ACRES	6,001	6%	38	3%	157.9
180 TO 219 ACRES	(D)	(D)	11	1%	(D)
220 TO 259 ACRES	2,129	3%	9	1%	236.6
260 TO 499 ACRES	5,475	9%	18	2%	304.2

<sup>8</sup> Thurston County Parcel Data, 2018.

<sup>9</sup> Washington State University Extension, Agriculture in Thurston County, 2013.

Adopted November 2019

500 TO 999 ACRES	8,997	14%	12	1%	749.8
1,000 TO 1,999 ACRE	7,621	12%	6	1%	1270.2
2,000 OR MORE ACRES	(D)	(D)	1	<1%	(D)
Total (From USDA Census Source)	62,250	100%	1,200	100%	51.9
Total (Calculated, missing data not included)	54,995	88%	1,200	100%	45.8

(D) = Withheld to avoid disclosing data for individual operations.

The local farming industry has trended towards smaller farms. Since 2012, the average farm size has decreased from 57 acres to 52 acres in 2017, a 10 percent change.<sup>10</sup> Over that same time period the number of farms has decreased from 1,336 to 1,200. Of those 1,200 farms, 78 percent (934) are less than 50 acres.<sup>11</sup> Further, only 20 percent of the farms in Thurston County consist of more than 50 acres and only seven farms are greater than 1,000 acres. More than half (52 percent) of all operated farm area is located on just four percent of the farms. Therefore, while most farms are small, most of the farmland is on a relatively few, big farms.

Similar data of agriculture is available based on farm sales. Table 8-3 below provides a snapshot of the sales and number of farms in Thurston County from 2017. For example, in 2017 there were 168 farms that generated between \$1,000 and \$2,499 in annual farm sales. The 168 farms represented 14 percent of all the farms in Thurston County. The total sales generated by these 168 farms was \$267,000 (less than 1 percent of all farm sales).

Table 8-3. Sales and count of farms sorted by farm sales category.

SOURCE: UNITED STATES DEPARTMENT OF AGRICULTURE, CENSUS OF AGRICULTURE, 2017.

FARMS BY ANNUAL SALES	SALES		FARMS		AVERAGE
	\$	%	Number	%	\$/Farm
LESS THAN \$1,000	76,000	0%	426	36%	178
\$1,000 TO \$2,499	267,000	0%	168	14%	1,589
\$2,500 TO \$4,999	601,000	0%	170	14%	3,535
\$5,000 TO \$9,999	1,119,000	1%	162	14%	6,907
\$10,000 TO \$19,999	1,505,000	1%	105	9%	14,333
\$20,000 TO \$24,999	615,000	0%	28	2%	21,964
\$25,000 TO \$39,999	1,310,000	1%	41	3%	31,951
\$40,000 TO \$49,999	518,000	0%	12	1%	43,167
\$50,000 TO \$99,999	1,047,000	1%	15	1%	69,800
\$100,000 TO \$249,999	5,644,000	3%	34	3%	166,000
\$250,000 TO \$499,999	3,809,000	1%	12	1%	317,417
\$500,000 OR MORE	159,580,000	91%	27	2%	5,910,370

<sup>10</sup> United States Department of Agriculture, Census of Agriculture, County Profile, 2017

<sup>11</sup> United States Department of Agriculture, Census of Agriculture, National Agricultural Statistics Service Quick Stats, 2012

Total (From Source)	176,091,000 100%	1,336 100%	146,743
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Most of the farms in Thurston County (77 percent) are on the smaller end of farm sales (less than \$10,000). In contrast, 91 percent of total farm sales (\$159 million) is generated by only 2 percent of all the farms (27 farms) in Thurston County. Of the total \$176 million in countywide farm sales, crop sales generated approximately \$56 million (32 percent) and livestock sales generated roughly \$119 million (68 percent). The infrastructure and land use to process and store these farm goods is essential. The Thurston Regional Planning Council predicts that Thurston County has sufficient buildable industrial and commercial lands to meet the processing and warehousing needs of the farming community through 2035.<sup>12</sup>

The supply for warehousing is especially important as the global economy continues the trend of more online retailers and less local retailers (both big box stores and small local businesses). This trend is part of a large transformation in the goods-based consumer retail industry due to more people shopping online.<sup>13</sup> Big name retailers are declaring bankruptcy and closing hundreds of stores, as American buying habits change and more purchases are made online. This creates a trickle-down effect on local communities where some brick-and-mortar retail bases slowly erode. The rising shift to online retail means less local sales tax revenue.<sup>14</sup> The continued shift in retail behavior warrants special consideration and further research to identify planning tools and strategies to address the potentially shrinking brick-and-mortar retail marketplace.

### **Tourism and the Rural Economy**

Tourism, also referred to as the “visitor industry,” is another important component of the local economy. While tourism is not neatly classified into a specific sector like the industries above, its impacts can be measured by aggregating sales activity in other sectors. As the chart below shows, Thurston County has enjoyed considerable growth in visitor spending and earnings over the years. Some of this is expected – for example, as the seat of state government, we benefit from hosting legislative sessions, state agency retreats and other government-driven overnight stays and daytime spending.

Growth in revenues can be attributed to strategic investments. Examples include the advent of the Bountiful Byway in south county and new arts and entertainment offerings in Thurston County cities. The Port of Olympia has plans to welcome passenger cruise lines, further extending the types of visitor spending within our community.

<sup>12</sup> TRPC, Buildable Lands Report for Thurston County, 2014

<sup>13</sup> American Planning Association, Retail Realities, 2018

<sup>14</sup> American Planning Association, Retail Realities, 2018





*Figure 8-7. Thurston County Visitor Spending & Earnings.*

**SOURCE: DEAN RUNYAN AND ASSOCIATES, EXPERIENCE OLYMPIA AND BEYOND.**

The rural economy is a key contributor to the tourism economy. Increased access and marketing of the amenities and destinations in rural Thurston County has strengthened agritourism. The farming community has developed many craft items such as beer, wine and spirits to draw visitors. Other farms have developed onsite shops and U-Pick programs. The Thurston Bountiful Byway, established in 2014 by the Thurston County Board of Commissioners, is a guide for the exploration of many rural destinations including trails, parks, art galleries, craft farms, historic destinations, farms, wildlife sanctuaries and bed and breakfasts. Local rural businesses have tapped into the increasing consumer demand for quality, organic and locally-produced goods. This consumer demand is especially relevant for farms and other craft goods because 43 percent of visitor spending in Thurston County was for food service or food stores.<sup>15</sup> In this way, the rural character of the County directly contributes to the economic health of the County.

Thurston County is well suited for this intimate agritourism experience because roughly 45 percent of farms are less than 10 acres.<sup>16</sup> Smaller, rural residential farms are 8.7 percent more likely to offer agritourism than larger, non-family farms. Agritourism is worth exploring because local commercial agriculture accounted for almost 15 percent of the County's land use and produced over \$120 million worth of farm products a year in 2012.<sup>17</sup>

<sup>15</sup> Experience Olympia, Annual Report, 2017

<sup>16</sup> United States Department of Agriculture, Census of Agriculture, County Profile, 2012

<sup>17</sup> Schilling, B.J. and Sullivan, K.P., 2014. Characteristics of New Jersey agritourism farms. *Journal of Food Distribution Research*, 45(2), p.161



*Clipping from Thurston Bountiful Byway Map. The map highlights agritourism paths and amenities.*

SOURCE: THURSTON BOUNTIFUL BYWAY FROM EXPERIENCE OLYMPIA, 2018.

### Other Natural Resources

Another component of the rural economy is construction and mineral extraction. Thurston County has significant deposits of sand, gravel and bedrock. The occupations related to the mining, processing, and use of these minerals employ roughly 9,600 workers.<sup>18</sup> In 2017, the extraction, processing and support activities for mineral mining in Thurston County created \$56 million in sales.<sup>19</sup> Of that amount, \$2.5 million were sold to local businesses. Other natural resource sectors are also vital to Thurston County. In 2017 the agriculture, forestry, fishing and hunting industries employed two thousand people and paid out \$75 million in wages.<sup>20</sup> The economic significance of these industries is reflected in local land use patterns. 33.4 percent of Thurston County's area is devoted to forestry or agricultural uses today.<sup>21</sup>

Natural resources are a historically and economically important to Thurston County. As discussed in Chapter 3, Natural Resources, there are many County Wide Planning Policies that connect natural resources and economic development. Chapter 3 dives deeper into the regulations, distributions and quantity of natural resources.

Employment Location Quotients are calculated by comparing that sector's share of regional employment with its share of national employment. A LQ of 1 means the regional economy is equal to the national economy. A LQ of more than 1 means the regional economy is more concentrated. The agriculture, forestry, fishing and hunting sector in Thurston County has an employment LQ of 2.04, by far the biggest of all sectors as of 2016.<sup>22</sup> The mining, quarrying, and oil and gas extraction sector has a LQ of 0.06.

<sup>18</sup> Washington State Employment Security Department, Thurston County Profile, 2017

<sup>19</sup> Thurston Economic Development Council, Mineral Lands Supply and Demand via JobsEQ, 2017

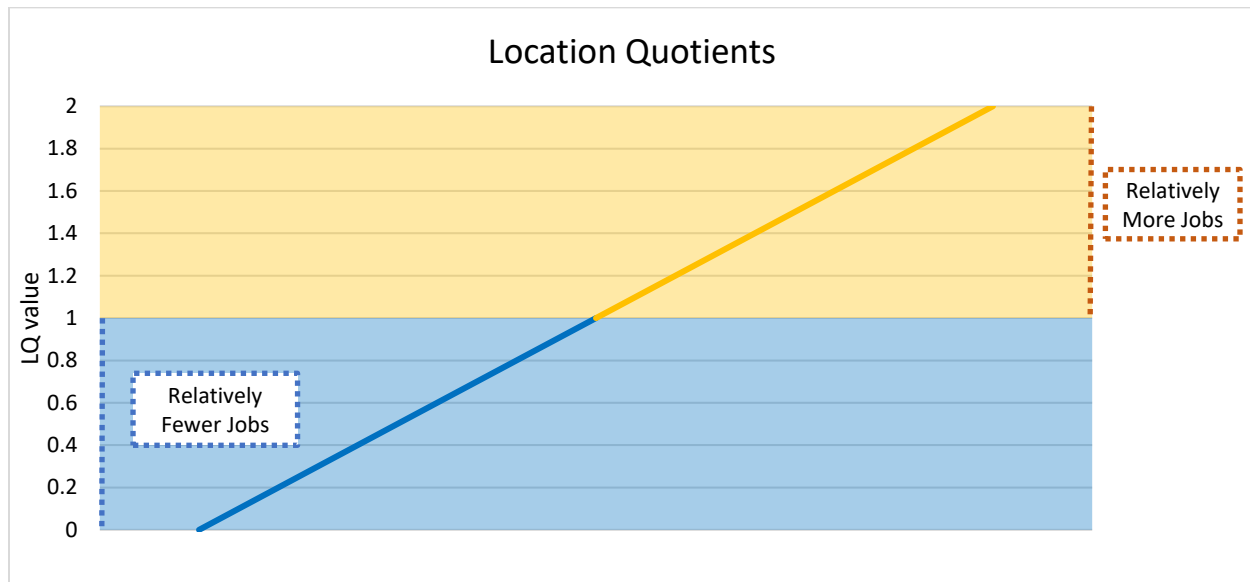
<sup>20</sup> Washington State Employment Security Department, Covered Employment (QCEW), 2017

<sup>21</sup> TRPC, Buildable Lands Report for Thurston County, 2014

<sup>22</sup> U.S. Bureau of Labor Statistics, Quarterly Census of Employment and Wages, 2017

Adopted November 2019

$$\text{Location Quotient} = \frac{\left( \frac{\text{Thurston Industry Employment}}{\text{Thurston Total Employment}} \right)}{\left( \frac{\text{National Industry Employment}}{\text{National Total Employment}} \right)}$$



In 2012, Earth Economics<sup>23</sup> estimated the low and high dollar per-acre value for different land cover types in Thurston County. Dollar values were estimated for each ecosystem service across each land cover type. Combining the available ecosystem service values (water regulation, habitat, recreation) for one land cover yields a total value for that land cover in dollars per acre per year. In many ways, these lands act as natural infrastructure for the community, and this value is partially represented below.

*Table 8-4: Low and High Dollar Per-Acre Estimates for Agriculture and Forest Lands*

<b>Ecosystem Services</b>	<b>Agricultural Land</b>		<b>Forest</b>	
	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>
<i>Aesthetic and Recreational</i>	\$2.06	\$29.63	\$0.21	\$2,174.8
<i>Biological Control</i>	\$14.18	\$14.18	\$9.69	\$10.04
<i>Disturbance Regulation</i>	\$2.10	\$2.10	\$1.4	\$5.14
<i>Erosion Control</i>	\$5.82	\$5.80	\$112.58	\$112.58
<i>Food Provision</i>				
<i>Gas and Climate Regulation</i>	\$11.02	\$128.16	\$14.55	\$1,066.61
<i>Habitat Refugium and Nursery</i>			\$1.22	\$538.95

<sup>23</sup> Flores, L., Batker, D., Milliren, A., and J. Harrison-Cox. (2012). "The Natural Value of Thurston County: A Rapid Ecosystem Service Valuation". *Earth Economics*.

Adopted November 2019

<i>Nutrient Cycling</i>	\$8.80	\$22.32	\$74.28	\$1,135.64
<i>Pollination</i>	\$2.59	\$427.34	\$67.84	\$413.73
<i>Raw Materials</i>			\$1.87	\$1.87
<i>Science and Education</i>			\$39.72	\$68.37
<i>Soil Formation</i>	\$2.27	\$5.82		
<i>Waste Treatment</i>			\$169.01	\$169.01
<i>Water Regulation</i>			\$10.35	\$588.57
<i>Water Supply</i>			\$1,395.98	\$1,770.14
<i>Medicinal Resources</i>				
<b>Total</b>	<b>\$48.84</b>	<b>\$635.38</b>	<b>\$1,898.7</b>	<b>\$8,055.45</b>

SOURCE: SUMMARIZED TABLE FROM THE NATURAL VALUE OF THURSTON COUNTY, EARTH ECONOMICS, 2012.

## IV. FUTURE ECONOMIC OPPORTUNITIES

### A. EMPLOYMENT PROJECTIONS

Thurston Regional Planning Council (TRPC) projects the number of jobs in Thurston County will increase by more than 65,000 between 2014 and 2040.<sup>24</sup> By 2040, the unincorporated area of the county is predicted to have only 16 percent of jobs county wide, down from 19 percent in 2014.

Jobs that are located in rural areas tend to be home-based employment or resource-based. Jobs related to natural resource industries, particularly forestry and agriculture, have declined substantially in Thurston County over the past several decades, and are projected to continue to shrink between now and 2040. This decline will be felt most in the unincorporated area, which is home to 10 percent of all the natural resource jobs, even though they only make up 2 percent of jobs available county wide.

Within the urban areas, 72 percent of new jobs are expected to locate in areas zoned for commercial uses (including mixed-use zoning districts). These include most jobs in state and local government, the exception being some schools and The Evergreen State College. It also includes jobs in shopping areas, professional offices, including doctor and dentist offices, and other types of services. Some light-industrial types of jobs locate in these areas, including mini-storage facilities.

Eight percent of new jobs are expected in areas zoned for predominately industrial uses. The majority of these jobs are in manufacturing and warehousing, but there are also many other types of business such as recreation that locate in warehouse-style building. The remaining 20 percent will locate in areas zoned for residential uses.

<sup>24</sup> TRPC, Population and Employment Forecast, 2014

**The TRPC Buildable Lands Program found that there is sufficient commercial and industrial land to accommodate future job growth for the next twenty years.<sup>25</sup>**

However, despite the amount of land available for job growth, challenges still exist. For example, Thurston County, the City of Tumwater and the Port of Olympia are all working on prairie habitat management plans for large swatches of land across the southern parts of the county. Depending on the results of those efforts, some rezoning may be required to address issues in urban growth areas. Olympia is the most land-challenged municipality and will likely rely on redevelopment of existing lands or properties to meet its future growth demand.

Commercial and industrial development in rural areas is limited by the Growth Management Act to small-scale uses that serve rural area residents. As growth occurs, the County will continue to work with TRPC and its partners to assess commercial and industrial land supplies and adjust course as necessary.

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## B. EMPLOYMENT AND INCOME TRENDS

As Thurston County works to strengthen its economic position, two specific trends will be particularly important to track and address.

1. Job growth relative to population growth, presents a fundamental policy question:
  - a. Is Thurston County a “bedroom community” that exports workers and revenue, **or**
  - b. Is Thurston County an “employment center” that retains jobs and revenue?
2. How household income has grown in King County relative to the rest of the state.

### **Trend One: Job growth relative to population growth.**

The graph below shows how the county may be trending towards becoming a bedroom community. From 2000 through 2016, Thurston County’s population has grown by approximately 65,340 (24.0 percent). Over that same time period Thurston County added approximately 18,500 net jobs (13.2 percent). In sum, Thurston County is adding more people than jobs, and has been since 2000. This trend suggests that Thurston County is becoming a “bedroom community”.

The reasons contributing to this discrepancy are myriad: higher-paying jobs outside of Thurston County, increased retirements associated with “baby-boomers” and/or in-migration of out-of-state retirees, a dearth of relevant industry expansion (e.g. tech, logistics, manufacturing), reduction in labor force participation, and/or local resistance to growth and a corresponding lack of developable lands. However, 26.8 percent of workers who lived in Thurston County, worked outside the county in 2016.<sup>26</sup> This value has been roughly consistent for a decade. The vast majority of these workers travel to neighboring Pierce County. Other top destinations include King, Lewis, Mason and Grays Harbor Counties.<sup>27</sup>

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<sup>25</sup> TRPC, Buildable Lands Report for Thurston County, 2014

<sup>26</sup> U.S. Census Bureau, American Census Survey Commuting Characteristics 2012-2016.

<sup>27</sup> U.S. Census Bureau, Residence County to Workplace County Commuting Flows for the United States and Puerto Rico Sorted by Residence Geography: 5-Year ACS, 2009-2013

Adopted November 2019

Ultimately, communities that “shed” jobs must adjust to declines in taxable revenue and spending (i.e. workers that purchase goods near their place of employment). This loss of taxable revenue reduces local social service investment capacity and charitable giving, while also increasing collateral spending and loss of economic security (i.e. transportation infrastructure, reduced wages due to extended commute times and/or transportation costs, etc.). Commuting factors are especially important because commuting in the Puget Sound region is conducted along the I-5 highway. As the region continues to experience high population growth, traffic will impact travel times. If the volume of jobs in Thurston County does not grow, fewer people will live in the county because of growing commute times.

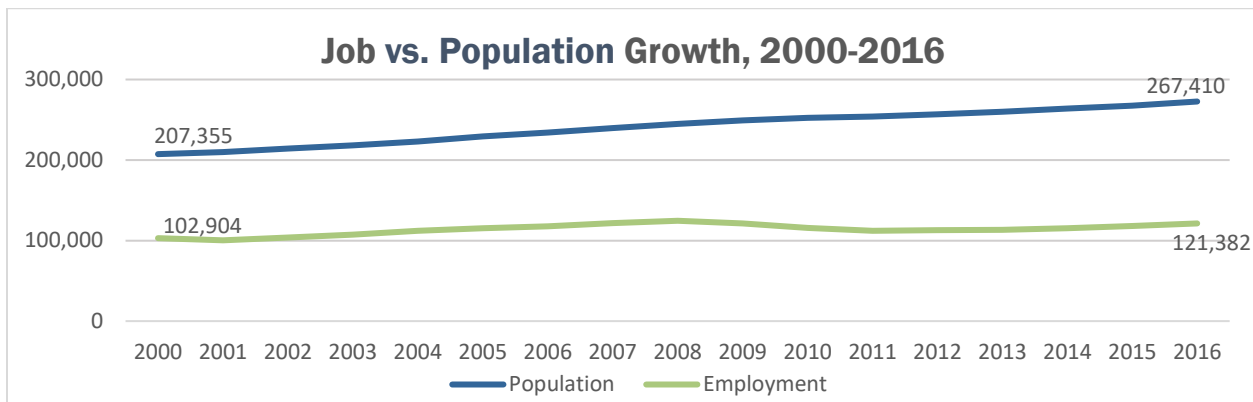


Figure 8-8. Thurston County Population & Employment Growth: 2000-2016.  
SOURCE: OFM, JRO + CO.

#### **Trend Two: Thurston County household income relative to King County.**

Up until the Great Recession, Thurston County household incomes tracked just below the King County average, and at or above the statewide average. Following the recession, King County incomes spiked dramatically, driven primarily by growth in the tech sector. The increase has been so strong that King County pulled the entire statewide household income average *above* Thurston County for the first time in 2016. This growth has, in turn, led to an increased northbound commute as Thurston County and other South Sound residents seek higher wages (approximately 25,000 Thurston County residents travel to Pierce and King County for work as of 2016). Conversely, Thurston County and the South Sound have become increasingly popular migration destinations for retirees and others in search of lower housing costs.



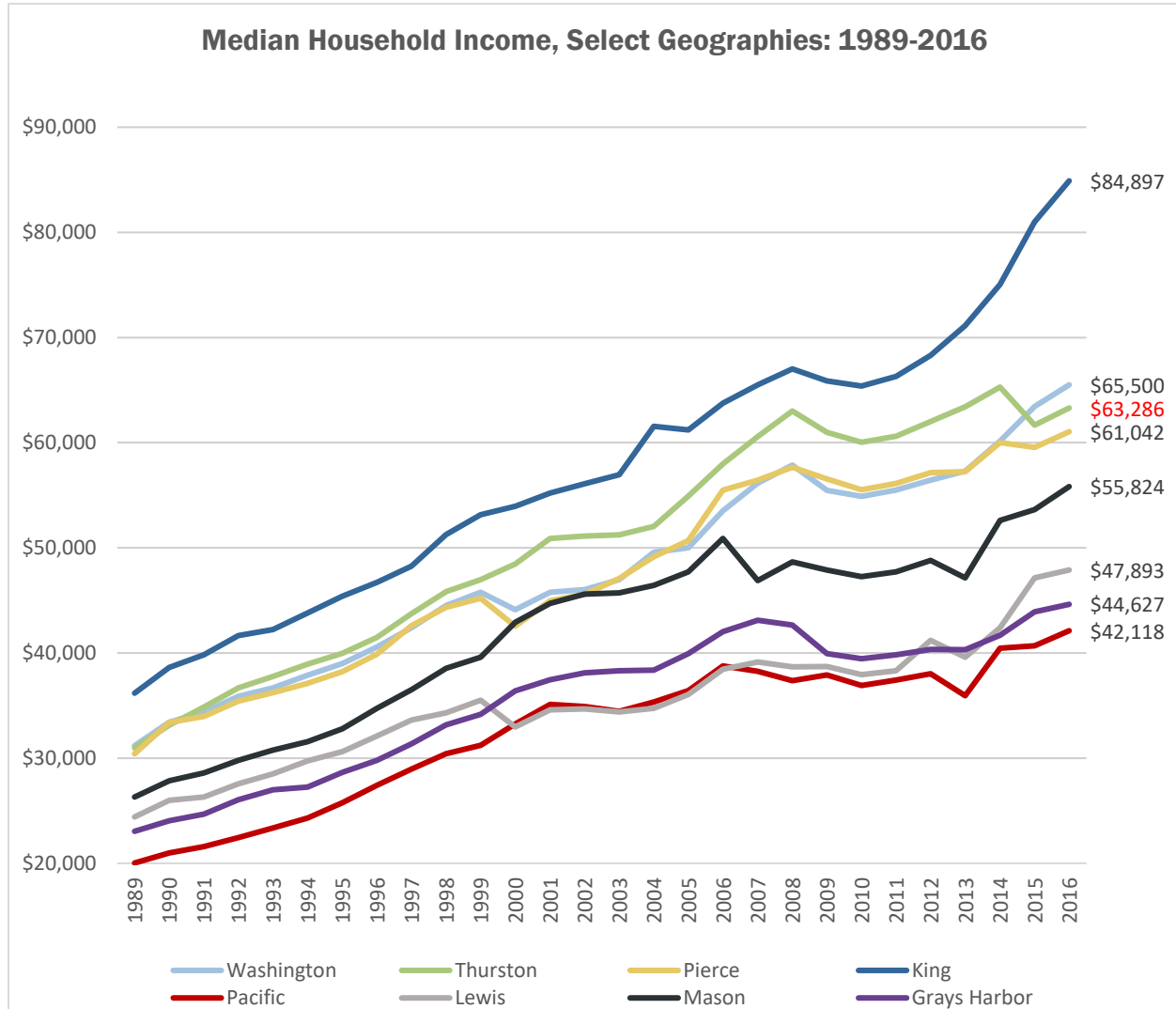


Figure 8-9. Median Wage: 1989-2016.

SOURCE: WASHINGTON OFFICE OF FINANCIAL MANAGEMENT, US CENSUS BUREAU.

Another way of viewing Thurston County's workforce is by "class of worker", as shown in the chart below. Class of worker categorizes people according to the type of ownership of the employer organization. Class of worker helps specify whether an employed person is salaried or self-employed and helps specify if the person works in the private sector or in government (i.e., the public sector).<sup>28</sup> Thurston County has a relatively high percentage of government workers, as mentioned earlier in the chapter. In addition, the County also has a high percentage of private wage and salary workers. However, Thurston County has a smaller proportion of self-employed workers than the state. The proportion of self-employed workers may change over time as interest in

<sup>28</sup> U.S. Census Bureau, 2016 American Community Survey Content Test Evaluation Report: Class of Worker, 2017.

Adopted November 2019

entrepreneurship grows and dislocated workers search for new opportunities with new technological advances, which enable more individuals to work from home.

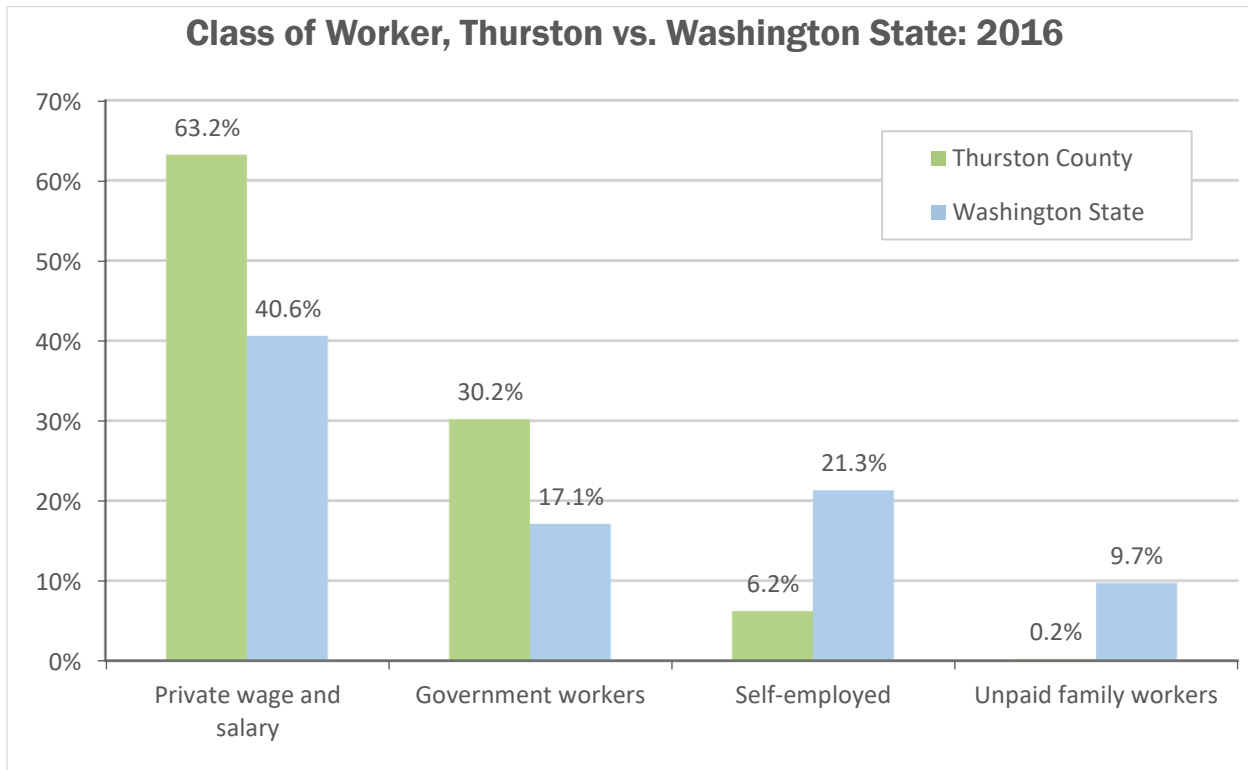


Figure 8-10. Class of Worker.

SOURCE: U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY, 2016.

### C. ECONOMIC DEVELOPMENT OPPORTUNITIES

Thurston County is located in the greater Puget Sound economic region. As such, the County has ample opportunities for economic development. For example, *Forbes Magazine* ranked the Olympia-Tumwater MSA (Thurston County) #32 for the best places in the nation for business and careers.<sup>29</sup> Thurston County, as part of the Pac Mtn Workforce System, has identified multiple “target industry clusters.” In brief, these are the industry clusters that employ large percentages of local workers, pay above average wages, show signs of growth and produce significant taxable revenue. They include:

- ❖ Health Sciences
- ❖ Tourism and Recreation
- ❖ Information and Technology
- ❖ Advanced Manufacturing
- ❖ Wood Products
- ❖ Agriculture and Food Manufacturing

The table below shows how employment has increased in each representative sector since the target industries were identified, and work initiated to develop a qualified workforce as well as

<sup>29</sup> Forbes, The Best Places for Business and Careers, 2017

Adopted November 2019

address supply chain gaps (e.g. products or services that were previously purchased outside of Thurston County).

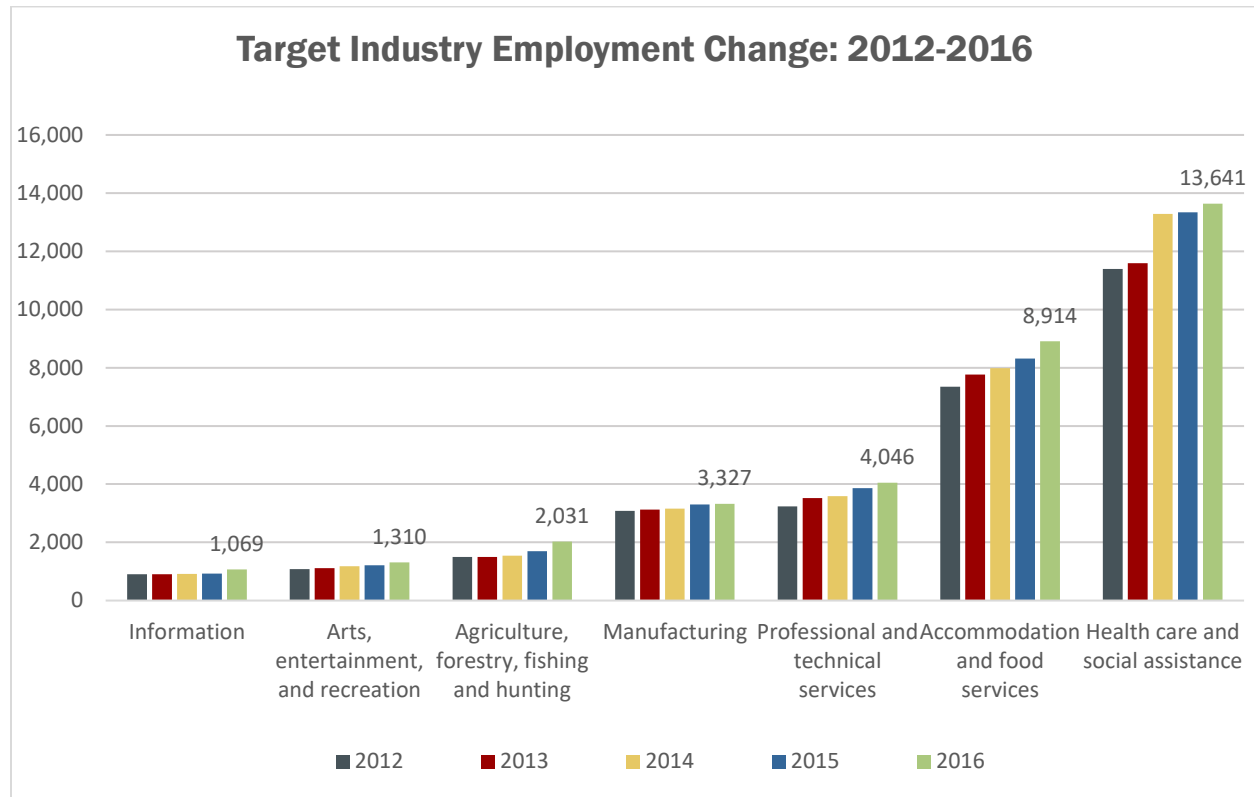


Figure 8-11. Thurston County Target Industry Employment Change.

SOURCE: WASHINGTON EMPLOYMENT SECURITY DEPARTMENT.

Moving forward, Thurston County will continue to work with local jurisdictions and regional partners including the Pac Mtn Workforce Development Council (Pac Mtn) to track industry performance and adjust economic development policies. The following tables show how these types of opportunities might be identified using real-time industry data. The first chart shows relative percentages of goods and services purchased in-Thurston vs. out-of-Thurston, and the second provides a snapshot-in-time forecast for potential employment growth by industry sector. These findings can be further broken-down by sub-industry sector, enabling pin-pointing of specific areas for future action (e.g. particular goods and services are purchased outside of Thurston County that could be produced in the county). For example, more than 80 percent of Thurston County's demand for goods and services from the agriculture, forestry, fishing and hunting industry is met by providers from outside of Thurston County. This represents a strong opportunity to expand agriculture within the County and meet that demand locally.

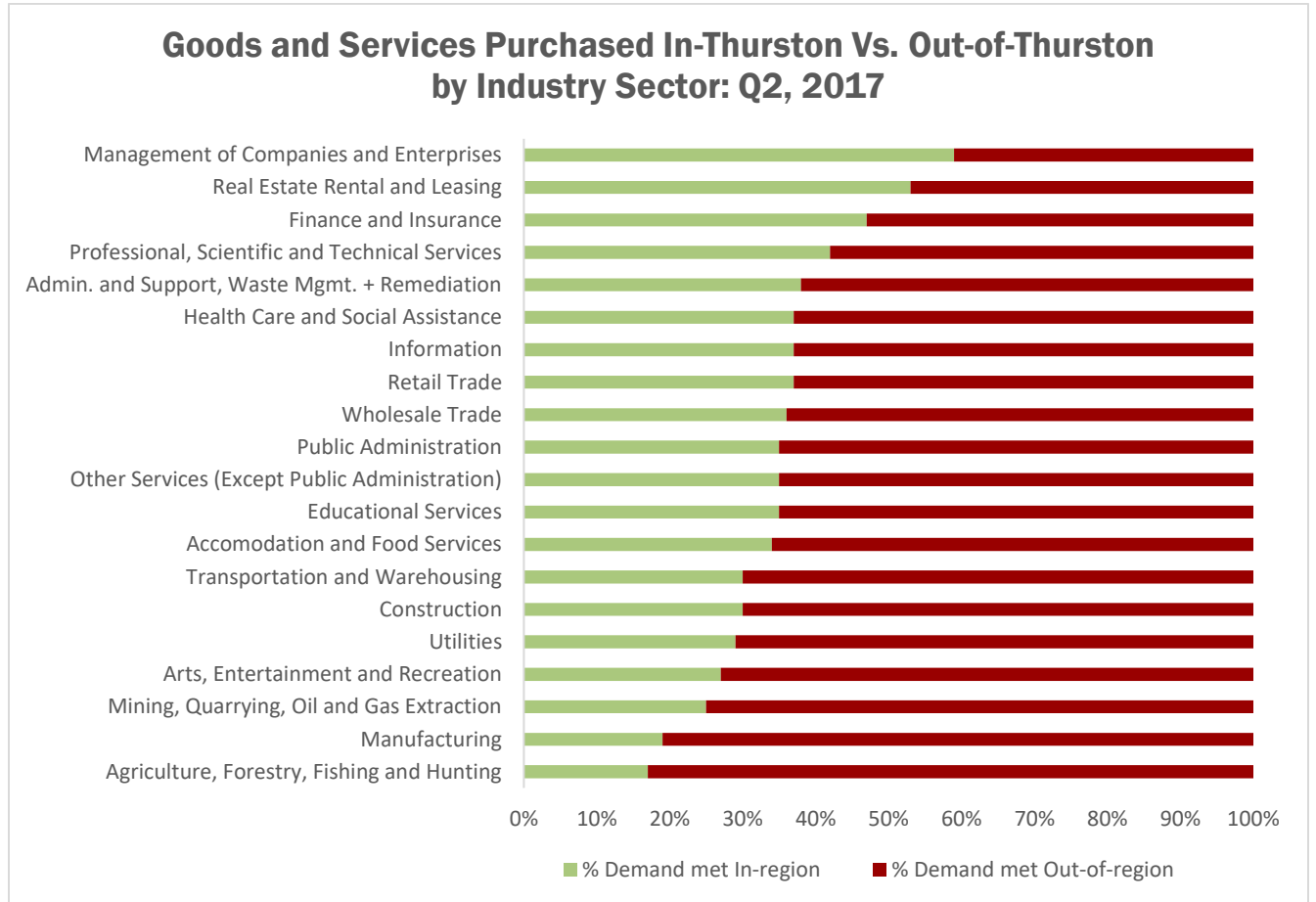


Figure 8-12. Supply Chain Gaps by Industry Sector.  
SOURCE: JOBS EQ, THURSTON EDC, JRO+CO, 2017.

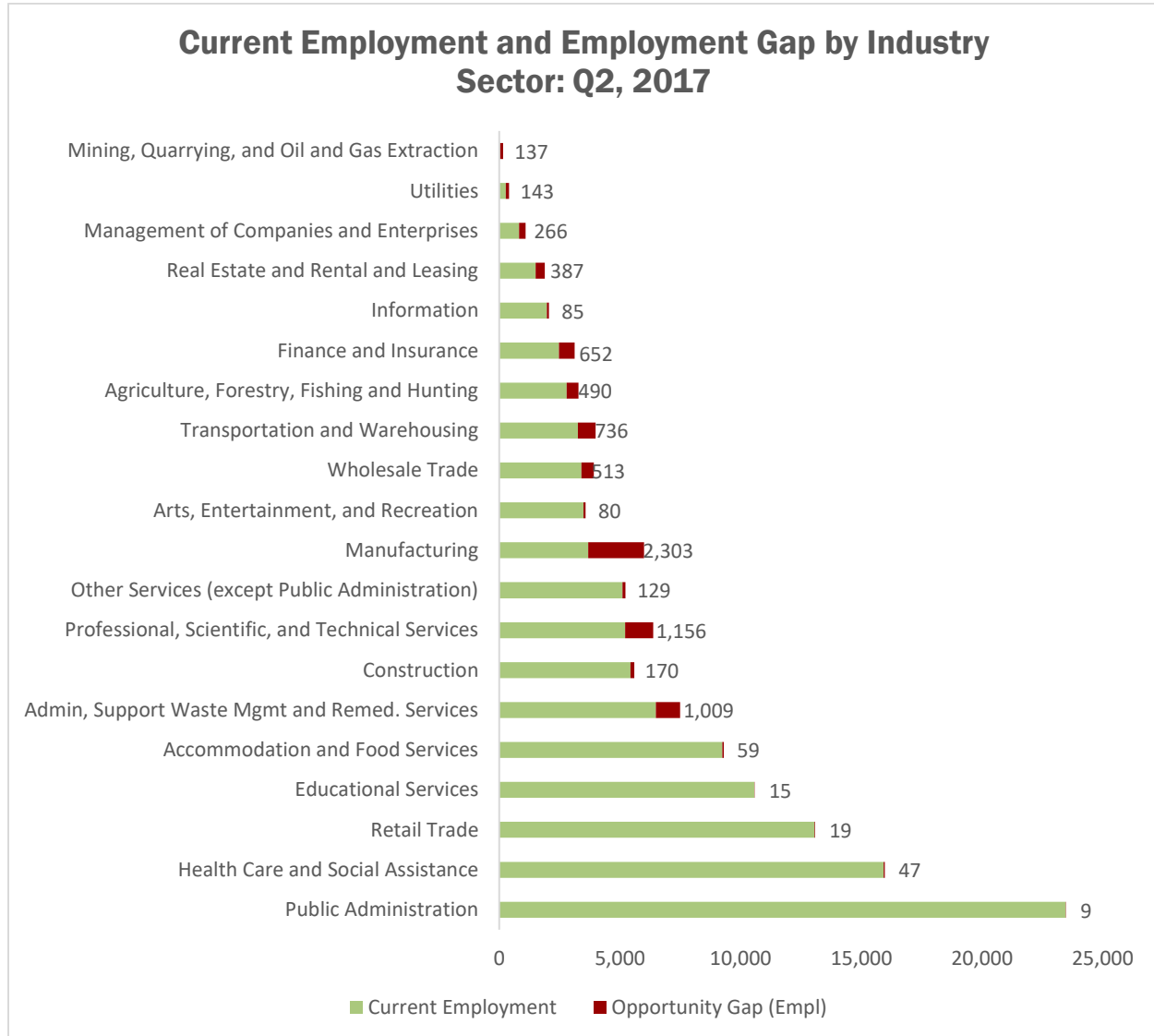


Figure 8-13. Employment Gap by Industry Sector.

SOURCE: JOBS EQ; THURSTON EDC, JRO+CO, 2017.

Stable and ample employment opportunities are essential to community wellbeing, a fact confirmed and clarified during the Thurston Thrives community health initiative. Economic development efforts help contribute to a vibrant community, but more importantly, can provide upward mobility for those most in need. The graph below shows the prevalence of poverty in Thurston County by different family cohorts. Understanding where poverty is most concentrated allows local organizations to develop effective strategies for addressing it and other social welfare challenges.

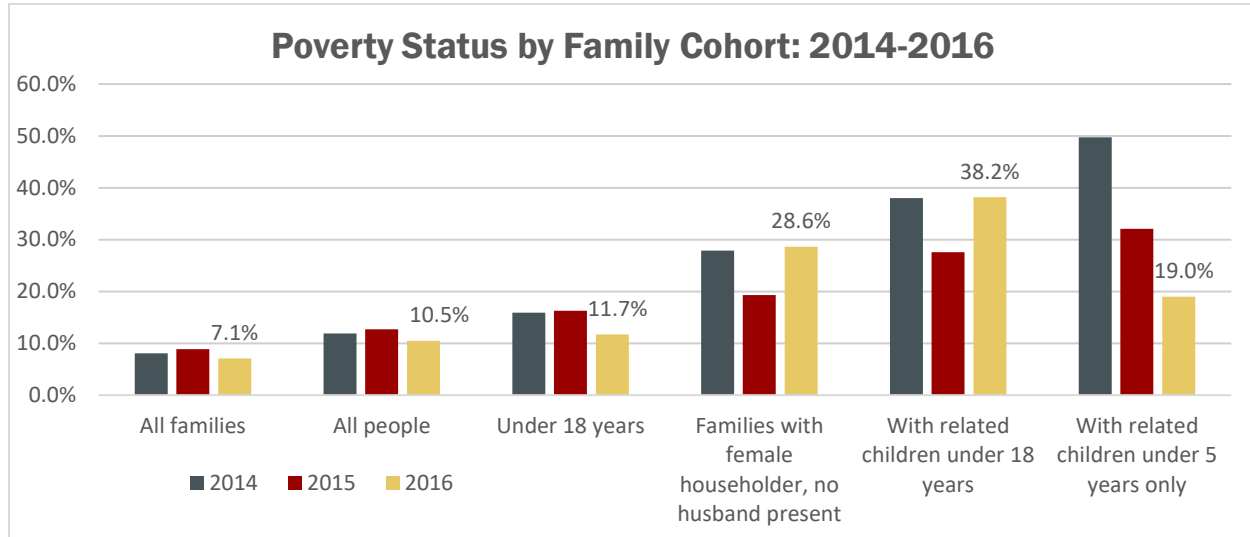


Figure 8-14. Poverty by Family Cohort: 2014-2016.

SOURCE: U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY.

**A lack of affordable housing can lead to difficulty in attracting and retaining a workforce.**

As noted above, Thurston County is viewed as a more affordable housing market for those living in King County and other high-cost markets. As depicted below in the Washington State University Affordable Housing Index, this may be true for households with existing capital equity, but not so for first-time buyers.<sup>30</sup>

Active planning of economic development and housing is vital for a thriving community. Healthy and happy workers are more productive workers.<sup>31</sup> Safe and decent housing is essential to household well-being.<sup>32</sup> As such, the County implements policies to increase quality and affordable housing. These policies are necessary because typically there are three ways that affordable housing for low- and moderate-income households occur;

- ❖ Housing specifically developed to be affordable;
- ❖ Subsidized housing; or
- ❖ Old housing that has dilapidated.

<sup>30</sup> The Housing Affordability Index measures the ability of a middle-income family to carry the mortgage payments on a median price home. When the index is "100," there is balance between the family's ability to pay and cost. Higher indices indicate housing is more affordable. First-time buyer's index assumes the purchaser's income is 70% of the median household income. Home purchased by first-time buyer is 85% of the area's median price. All loans are assumed to be 30-year term at prevailing interest rate. The "all buyer" index assumes down-payment of 20%; first-time buyer index, 10%. Also assumes 25% of income can be used for principal and interest payments.

<sup>31</sup> Taris, T.W. and Schreurs, P.J., 2009. Well-being and organizational performance: An organizational-level test of the happy-productive worker hypothesis. *Work & Stress*, 23(2), pp.120-136.

<sup>32</sup> Bratt, R.G., 2002. Housing and family well-being. *Housing studies*, 17(1), pp.13-26.



Adopted November 2019

Dilapidated housing can pose physical and mental health risks to occupants. In addition, dilapidated housing can negatively impact the value of nearby homes. As with most planning topics, economic development is intertwined with many other planning topics. More information on housing can be found in Chapter 4. The key point is that healthy housing increases worker productivity.

### Housing Affordability, Middle Income Families: Q1, 2010 to Q2, 2017

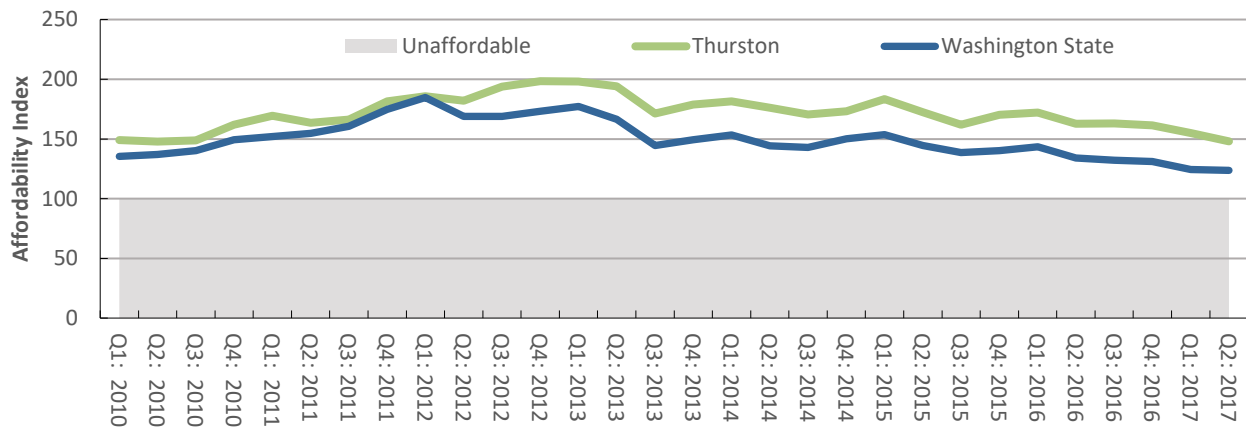


Figure 8-15. Housing Affordability for Buyers with Home Equity.

SOURCE: WASHINGTON CENTER FOR REAL ESTATE RESEARCH, WSU.

### Housing Affordability, First Time Buyers: Q1, 2010 to Q2, 2017

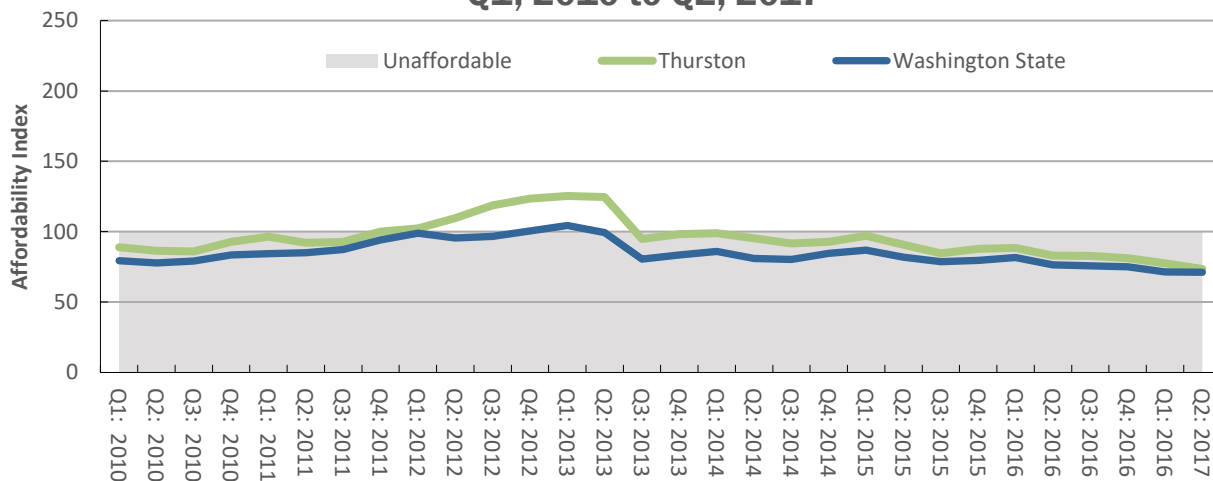


Figure 8-16. Housing Affordability for First-Time Buyers.

SOURCE: WASHINGTON CENTER FOR REAL ESTATE RESEARCH, WSU.

**V. GOALS, OBJECTIVES AND POLICIES**

The focus of the following goals and policies is to support and foster economic growth and diversity within the principles of resource stewardship and environmental sustainability. Economic growth in the industrial and commercial sectors will be found primarily within Urban Growth Areas. This is where urban services and utilities, transportation systems, population concentrations, and the capacity (present and future) to serve and support these businesses are located.

**GOAL 1:** SUPPORT SUSTAINABLE BUSINESS AND INDUSTRIAL DEVELOPMENT WHICH (1) STRENGTHENS AND DIVERSIFIES THE ECONOMIC BASE; (2) CREATES JOBS AND ECONOMIC OPPORTUNITIES FOR ALL CITIZENS; AND (3) DEVELOPS AND OPERATES IN A MANNER THAT MAINTAINS A HIGH-QUALITY OF LIFE AND ENVIRONMENT.

**OBJECTIVE A:** Expand new, and strengthen existing, Economic Development Programs, especially programs that:

- ❖ Help locate and expand sustainable and environmentally sound business and industry;
- ❖ Contribute to full utilization of the county's business and industrial land base; and
- ❖ Strengthen and diversify the economic base.

**POLICIES:**

1. The county should support economic development efforts that identify the types of jobs, industries, and businesses to be targeted for focused attention to maximize the return on economic development efforts.
2. The county should ensure adequate amounts of properly zoned and located land required by those businesses and industries identified for targeted attention (in Policy 1 above) in economic development plans adopted by the county.
3. The county should partner with county wide economic development partners, including the EDC, Thurston Chamber and Port of Olympia, to develop and implement targeted economic development initiatives in rural portions of the county.
4. The county should support efforts to form and operate a federally-recognized Economic Development District, of which it would constitute one component of a multi-county entity qualified to receive federal aid, grants and other technical assistance.
5. The county should support private and public job training programs to meet the labor force needs of the targeted businesses and industries and increase access to employment resources for under skilled job seekers.
6. The county should support referral assistance programs through the Thurston County Economic Development Council (EDC) for persons and firms inquiring about business opportunities in Thurston County.

7. The county should assist in obtaining grants and loans that will support expansion or establishment of businesses and industries.
  8. The county should continue supporting targeted industry development initiatives to enhance our existing employer base, reduce supply chain gaps and maximize the return on economic development efforts.
  9. The county should encourage major institutions (such as schools, colleges, hospitals, etc.) to buy-local from Thurston County agricultural businesses.
  10. The county should work with the Economic Development Council to support the development of environmentally sound and economically viable employers as called for in the adopted County Wide Planning Policies.
  11. The county should support efforts to diversify Thurston County's economy through the encouragement of more manufacturing-based industries and enhancement of other target industry clusters including: information-technology, healthcare, tourism, food production-manufacturing and wood products-forestry.
  12. The county should support targeted business education and training programs that assist small and emerging businesses, as well as micro-enterprises operated by women, minorities, veterans and other under-represented populations.
  13. The county should collaborate with non-profits, regional education institutions, and private entities to develop "maker spaces" that empower workers and entrepreneurs.
- The county should fully explore state and federal tax opportunities for economic development.

**OBJECTIVE B:** Land use permits and procedures should expand existing businesses, establish new businesses which diversify the economy, and support home occupations and small-scale home-based industries.

**POLICIES:**

1. The county should allow limited changes or expansions to nonconforming businesses in the rural area provided (a) any detrimental impacts to adjacent properties will not be increased or intensified; (b) changes or expansions comply with performance standards; (c) changes do not result in a formerly small operation dominating the vicinity; and (d) any expansion or change of use is in keeping with the rural character.
2. The county should encourage business development in the Grand Mound Urban Growth Area, which is served by the county water and sewer system.
3. The county should provide for certainty, consistency, and timely processing of land use permits.
4. They county should facilitate agritourism through streamlined permitting, reduction of regulatory barriers and hands-on help from county staff.

5. The county should provide some zones that allow both manufacturing and retail in order to permit manufacturers to engage in limited retailing of their products within industrially zoned areas.
6. The county should explore land use options that allow for research and development, light manufacturing and office functions in a single location.
7. The county should provide help to persons requiring development assistance to understand and work through regulations and permit processes by offering timely assistance in a helpful, non-adversarial environment.
8. The county should allow home occupations to be permitted everywhere in the county, provided these businesses do not adversely impact rural character.
9. The county should allow home-based industries to be permitted only in residential districts with densities of two units per acre or lower and in the Rochester Subarea.
10. The county should ensure that home businesses maintain or enhance the residential character of their areas, and should not:
  - a. Detract from the residential character of the surrounding area; and
  - b. Result in a de facto cluster or strip commercial and/or nonresidential uses nor start the conversion to that condition.
11. The county should ensure that standards for home-based industries should address such issues as screening, buffering, noise, lighting, and increased setbacks to assure compatibility with neighboring properties. Standards should also provide for considerations of safety on private roads and equitable sharing of private road maintenance costs.
12. The county should review all county development-related requirements and procedures for the purpose of simplifying and lessening the bulk of requirements and providing a helpful environment for persons requiring development assistance.
13. The County should review all new development regulations to determine their impact on existing businesses.

**OBJECTIVE C:** Utility planning should be done by identifying the funding for, and locations of, new utilities and upgrades which serve commercially and industrially zoned areas.

**POLICIES:**

1. The county should continue to work jointly with the appropriate jurisdictions and private sector to annually develop capital facility plans and funding strategies for utilities, transportation, and other services to serve industrial and commercial areas.
2. The county should work with other appropriate jurisdictions to determine the feasibility of shared public capital facilities and shared funding of those facilities, especially as they benefit economic development efforts.

**OBJECTIVE D:** Commercial and industrial land should be designated in adequate amounts and appropriate locations to meet current and future needs, maintain a quality environment, and provide economic opportunity to rural residents while preserving character in the rural area.

**POLICIES:**

1. The county should ensure that the size of rural commercial areas are appropriate to the land use and to the area being served as follows:
  - a. Neighborhood Convenience Commercial. These are single stores or a group of very small stores (including residences in conjunction with the businesses) located throughout rural areas of the county. They should be located on no more than one acre and would serve rural populations of less than 5,000 (although they would not be considered non-conforming uses if the population grew beyond that threshold).
  - b. Arterial Commercial. For limited urban growth areas where large acreage sites and visibility on arterial roads is needed; not to be a strip configuration. Existing strips should be upgraded and infilled prior to establishing new arterial commercial sites.
  - c. Highway Commercial. For freeway or major highway interchanges to accommodate businesses serving travelers.
  - d. Rural Commercial Center. For identified rural communities to serve the everyday needs of the surrounding rural residential community.
2. The county should periodically conduct public outreach to review the need for, and consider adding, appropriately-scaled commercial zones to areas that have grown in population, but do not yet have basic services within a reasonable travel time.
3. The county should designate industrial areas in sufficient quantity and quality to meet current and future needs.
4. The county should evaluate industrial land use designations made through Joint Plans to assure that adequate supplies of industrial lands are available for both short- and long-term use and that this plan's revised guidelines for locating industrial lands are met.
5. The county should ensure that industrial areas are large enough to accommodate a number of industrial uses in clusters so that the area may be developed in a coordinated fashion and be provided with a variety of parcel sizes.
6. The county should ensure that industrial and commercial areas are able to be served by required utilities, transportation, and other services at a level appropriate to the uses within the industrial/commercial area.
7. The county should support land use regulations and land use designations that serve and/or add value (such as lumber mills, hay distributors, etc.) to the rural economy (especially for agriculture and forestry).
8. The county should ensure that commercial and industrial areas are located where there is a low risk of potential adverse impacts to environmental quality. For example, commercial

and industrial areas should be sited where aquifer protection can be assured. Also, the county should analyze the lands designated for commercial and industrial uses to determine which, if any, pose hazards to aquifers such that aquifer protection is jeopardized.

9. The county should encourage that, in rural parts of the county, priority business activities should be:
  - Home occupations and home-based industries;
  - Neighborhood convenience stores and rural commercial centers;
  - Industries associated with agriculture and/or the natural resource base;
  - Industries that are dependent upon a rural setting without urban services;
  - Agritourism and Tourism.
10. The county should promote the strategy that priority business activities should be commercial, tourism and industrial uses in urban growth areas.
11. The county should encourage commercial centers, that are sized to be consistent with rural character, rather than narrow strip development to protect the environment, provide efficient land use, and improve traffic safety and travel.

**OBJECTIVE E:** Land use activities and planning programs should be supported that promote tourism as an activity for generating expanded employment and revenue in Thurston County.

**POLICIES:**

1. The county should encourage cultural and social activities, emphasizing natural attractions, historic places, agritourism and activities unique to our area.
2. The county should provide and publicize public access to waterbodies that are tourist attractions, provided public access is consistent with environmental needs.
3. The county should designate scenic drives and special setback and clearing regulations implemented for them.
4. The county should support signage, maps, and other means of identifying areas and features of interest.
5. The county should support the development of facilities that enable tourist activities to take place, such as convention centers (within urban growth areas), bed and breakfast facilities, private and public parks, campgrounds, recreational areas, overnight facilities and facilities associated with local economic activities that would attract tourists. In the rural area, small-scale tourist activities should be in keeping with rural character.



6. The county should review land use regulations for their impact on private or public development of tourist facilities.
7. The county should support a public/private effort to identify strategies and programs that will promote tourism in Thurston County including support of a public/private effort to investigate the viability of expanding existing county tourism facilities. The County should also support a public/private approach, coordinated with state tourism resources, to identify cultural, social, natural, and historical sites and activities to promote as part of county tourism efforts.
8. The county should continue to support the Bountiful Byway and periodically review development standards to ensure farmers and other rural resource land owners are able to operate appropriate commercial activities (e.g. farm stands, wine and spirit boutiques, etc.)
9. Support a public/private approach, coordinated with state tourism resources, to identify cultural, social, natural, and historical sites and activities to promote as part of county tourism efforts. The county should encourage others to develop a map/brochure that illustrates tourist-oriented sites, facilities, and activities such as:
  - Public access to waterbodies
  - Scenic drives and vistas or view points
  - Historic points of interest
  - Festivals and annual special events
  - Camping facilities
  - Parks and trails
  - Recreation sites and facilities
  - Other points of interest
  - State government points of interest
  - Tour packages
  - Museums
  - Historic sites
10. The county should designate scenic drives and implement special setback and protective clearing regulations for them. The county should also investigate techniques and/or incentives that might be used to compensate property owners for these restrictions.

**OBJECTIVE F:** Development standards for industrial and commercial areas and activities should be provided to promote optimal working environments, worker health and safety, and compatibility with adjoining areas while ensuring sustainable and environmentally sound developments.

**POLICIES:**

1. The county should provide standards that should generally be performance-oriented and should address buffers, traffic access, noise, screening, landscaping, and signs.
2. The county should encourage screening with mature plantings, fences, and buffers should isolate such uses as junkyards.
3. The county should encourage commercial activities involving trucking within sites that are adequate for loading, unloading, and maneuvering trucks.
4. The county should periodically review and update Zoning Ordinance standards for industrial and commercial areas to be consistent with Comprehensive Plan policies.