



EXISTING CONDITIONS REPORT

PALOUSE PRODUCERS INTEGRATED PLANNING

Prepared for
CITY OF PALOUSE

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Prepared by
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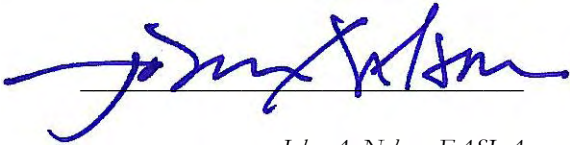
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The material and data in this report were prepared under the supervision and direction of the undersigned.

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ACRONYMS AND ABBREVIATIONS

AAI	all appropriate inquiries
ADA	Americans with Disabilities Act
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act
City	City of Palouse
COE	U.S. Army Corps of Engineers
Ecology	Washington State Department of Ecology
ESA	environmental site assessment
FEMA	Federal Emergency Management Agency
FIRM	flood insurance rate map
HD	High Density
HPA	Hydraulic Project Approval
JARPA	Joint Aquatic Resource Permit Application
LD	Low Density
MTCA	Model Toxics Control Act
NAICS	North American Industry Classification System
NEPA	National Environmental Policy Act
NFA	No Further Action
NFIP	National Flood Insurance Program
PEDC	Palouse Economic Development Council
PMC	Palouse Municipal Code
Port	Port of Whitman County
RCW	Revised Code of Washington
RV	recreational vehicle
SEPA	State Environmental Policy Act
SEWEDA	Southeastern Washington Economic Development Agency
SMP	Shoreline Master Program
sq. ft.	square feet
VCP	Voluntary Cleanup Program
WAC	Washington Administrative Code
WDFW	Washington State Department of Fish and Wildlife

The Palouse Producers property represents an opportunity for the Palouse community to turn a liability into an asset. The property is located in downtown Palouse on the corner of Main and J Street (see Figure 1-1). In its current condition, the property is generally considered to detract from the quality of downtown. The City of Palouse (City) received an Integrated Planning Grant from the Washington State Department of Ecology (Ecology) to develop a community-based plan to transform this historical petroleum distribution site into a revitalized asset for the community. An ad hoc Brownfield Committee has been established by the City to lead this planning process. The consulting firm of Maul Foster & Alongi, Inc. has been contracted to support the City on the project.

The Integrated Planning Grant provides the City with the opportunity to develop a plan for future use of the property that is supported by both the community and the market. As shown in Figure 1-2, the process for cleanup and redevelopment of the Palouse Producers property begins with developing a vision for future use of the property that incorporates the community's needs, market opportunities, land use regulations, and environmental constraints. This vision guides the focus for the cleanup process, environmental review and permitting, and redevelopment of the property.

This report presents an assessment of the existing conditions at the Palouse Producers property and provides the foundation for developing a strategy for remediation and redevelopment. The report focuses on the following topics:

Environmental—Cleanup of the property will be required before or simultaneously with future development. The framework for environmental cleanup in Washington State prescribes a series of steps to characterize and remediate contamination. The law also provides multiple administrative options and tools that allow property owners to manage liability and risk.

Economics—The redevelopment potential of the property is determined by the community's vision and the realities of the regional market. The City made significant investments in infrastructure following a major flood event in 1996 that have resulted in dramatic improvements in the downtown district. A number of historic buildings have been renovated by new small businesses that are re-energizing the local economy. The city's economy is linked to the university towns of Pullman and Moscow and to the network of small towns located between Spokane and Clarkston. This report explores the opportunities and challenges of development in this market.

Land Use—Redevelopment of the property will be regulated by a set of local, state, and federal land use and environmental laws and regulations. This report examines the implications of these regulations on potential redevelopment of the Palouse Producers property.

North Fork Palouse River—Special consideration has been made to explore opportunities to take advantage of the property's location on the river.

Community—Key themes and comments collected from interviews with local residents and business owners are presented to incorporate the public's opinions about redevelopment of the Palouse Producers property into the planning process.

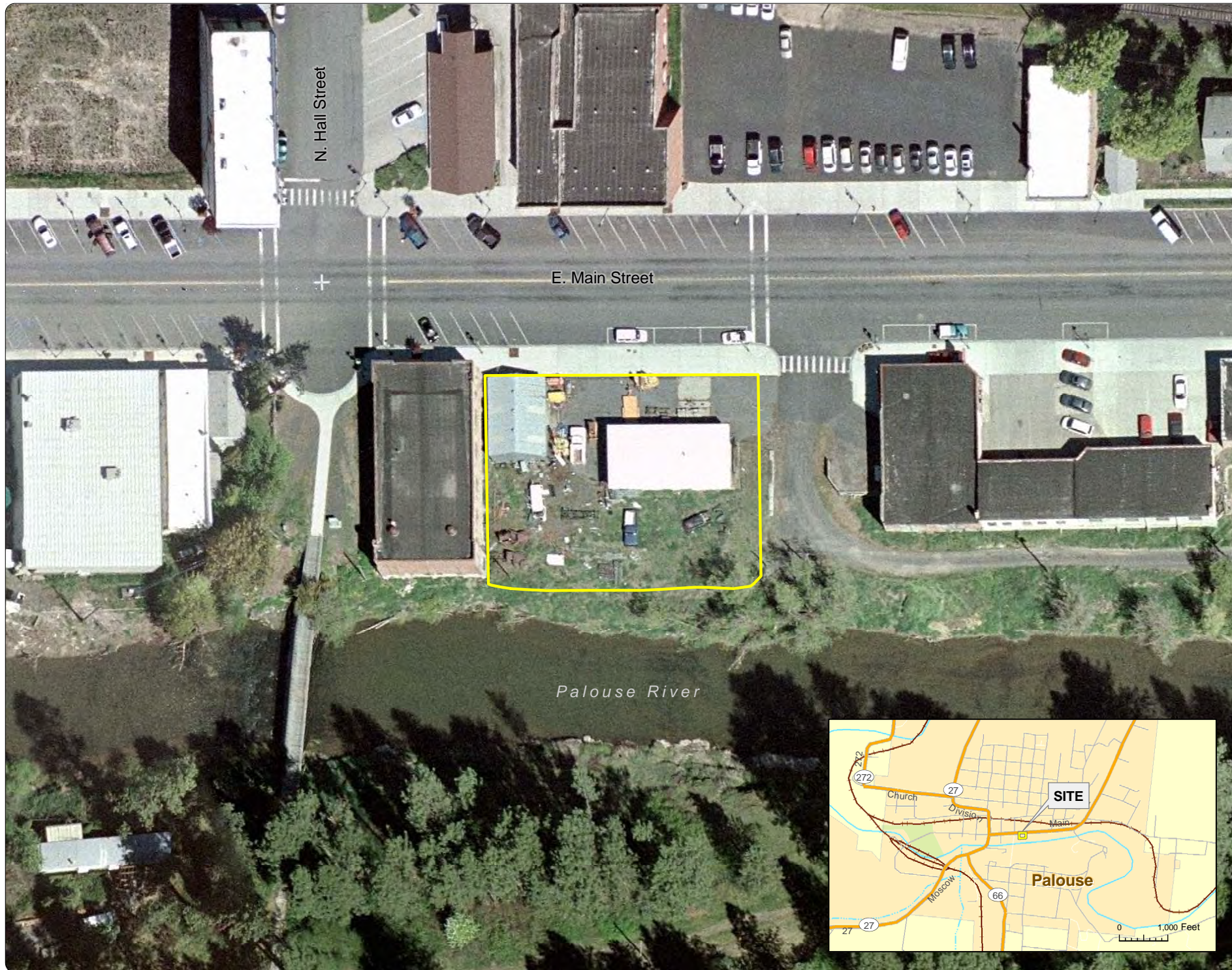


Figure 1-1
Aerial Overview
 City of Palouse
 Palouse, Washington

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Legend

 Site Boundary

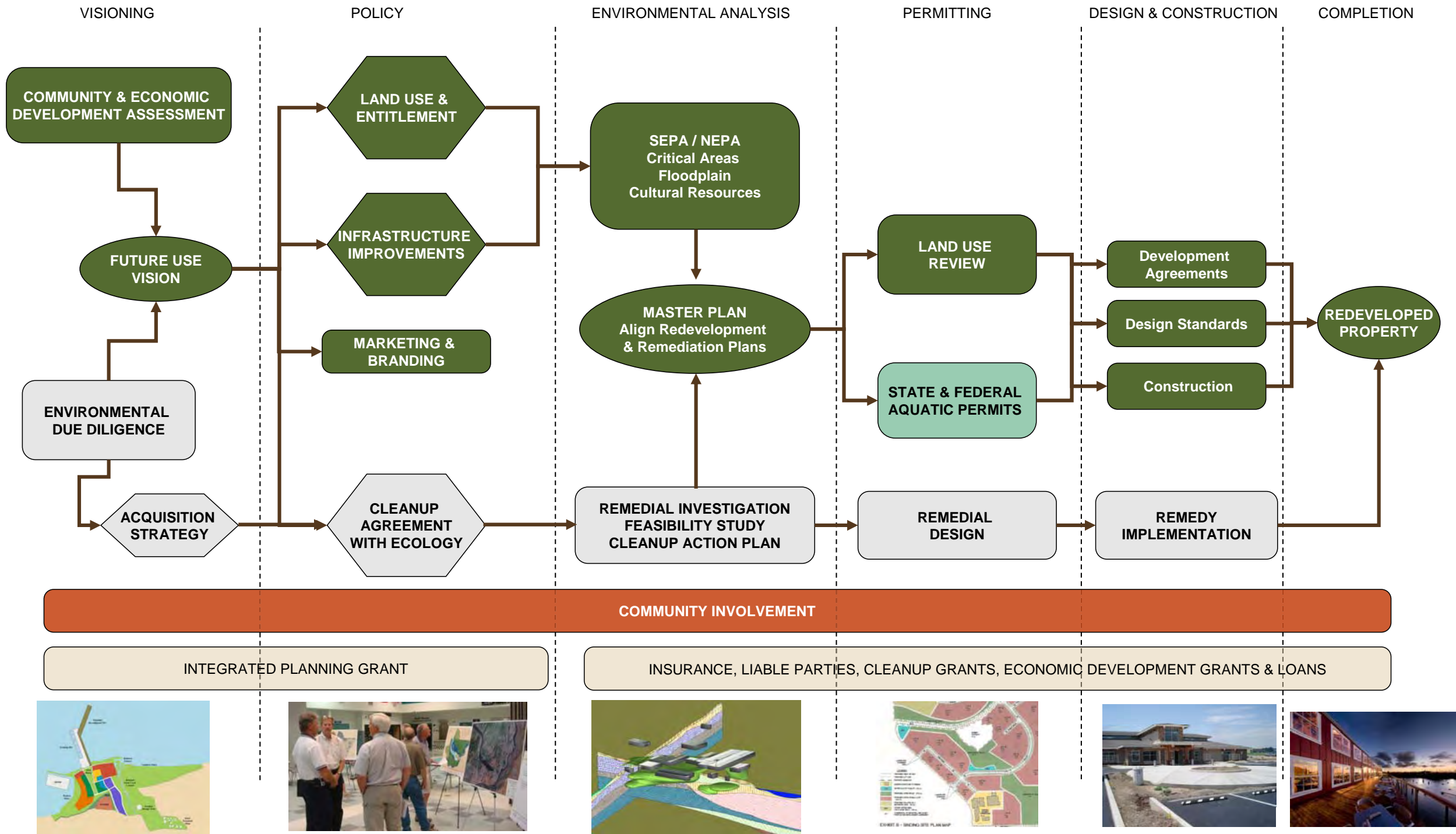


Source: Aerial photograph (2007) obtained from City of Palouse

Figure 1-2 PALOUSE PRODUCERS CLEANUP & RE-USE PROCESS

Legend

- Decision Points: Green hexagon
- Outcomes: Green rounded rectangle
- Processes: Green rounded rectangle
- Local Government: Green square
- State / Federal: Light green rounded rectangle
- Toxics Cleanup Program: Light green rounded rectangle



1.1 Objectives

The integrated planning process for cleanup and reuse of the Palouse Producers property is intended to achieve the following objectives:

- Create a consensus vision for future use of the Palouse Producers property and the continued revitalization of the City of Palouse.
- Position the Palouse Producers site for cleanup through redevelopment of the property.
- Position the City to acquire the Palouse Producers property if it chooses.
- Develop strategies for economic development related to the Palouse Producers property that benefit existing and potential new businesses and the community.
- Develop plans to enhance the Palouse riverfront through improved connectivity with downtown, public access, and habitat restoration.
- Provide logical step-by-step process and tools to achieve the vision.

1.2 Guiding Principles

The following principles guide all work and decisions on this project:

- Integrate environmental, community, and economic aspects of cleanup and future use of the Palouse Producers property.
- Address both site-specific issues and how future use of the Palouse Producers property can benefit the broader community.
- Build on the intrinsic values of the City of Palouse. It is a small community with a strong identity, engaged citizenry, and unique assets, including the historic downtown, the North Fork Palouse River, and recent investments in infrastructure.
- Actively engage the community and other stakeholders to develop plans that have broad support and that generate excitement.
- Develop win-win partnerships.

1.3 Existing Conditions

1.3.1 Physical Conditions of the Property

The Palouse Producers property is located at 335 East Main Street in downtown Palouse, Washington. The property is situated between the newly renovated Palouse Health Clinic and the Bagott Motors car dealership on the bank of the North Fork Palouse River. The surrounding downtown district is characterized by historic masonry buildings that have been renovated to house retail and commercial businesses, including antique shops, hand craft stores, restaurants, and an art gallery (See Figure 1-3). Recent improvements to Main Street have created a pedestrian-friendly environment with broad sidewalks, flower pots, decorative lamp posts, and banners. Main Street represents the center of the Palouse community, with over 20 businesses and public buildings, including City Hall, the library, the post office, and a public park.

Palouse Producers Property Facts

Size: ~ 20,000 square feet (sq. ft.)

Zoning: High Density

Existing Buildings:

Two-bay service station ~ 1,740 sq. ft.

Metal storage building ~ 1,160 sq. ft.

Infrastructure: Municipal water and sewer

The Palouse Producers property contains a two-bay service station building and a metal-sided storage building. The southern half of the property along the river is undeveloped and covered with nonnative vegetation. Much of the property was filled historically with as much as 18 feet of material. The property is currently used for storage, but has a long history of industrial and commercial activities, including petroleum bulk storage and distribution.



(Left) View of Palouse Producers property from the south. (Right) View from the corner of Main and J Street.



Source: Aerial photograph (2007) obtained from City of Palouse

DRAFT Figure 1-3
Downtown Site Analysis

City of Palouse
Palouse, Washington

- | | | |
|----------|----------------------|-------------|
| Parking | BUILDING TYPE | Modern |
| Sidewalk | Period | Remodeled |
| Bridge | Industrial | Residential |



Implications for Future Use

- The property is located on the edge of the commercial core of downtown. Future use of the property should be compatible with the surrounding retail uses and the vision for Palouse described in the City's Comprehensive Plan.
- The location of the property on the North Fork Palouse River provides the opportunity to improve public access to the river both through the property and the adjacent street end right of way, but also triggers challenges of developing in the floodplain.
- Historical fill material on the property may require geotechnical analysis to determine suitability for construction of future structures.

1.3.2 Environmental

The historical industrial uses of the property have left a legacy of contaminants in the soil and groundwater of the property. These contamination issues are discussed in more detail in Section 2. Cleanup actions were previously implemented on the property, but recent sampling conducted through a Targeted Brownfield Assessment study discovered contaminants in soil and groundwater on the property that exceed Washington State Model Toxics Control Act (MTCA) cleanup standards. Concentrations of petroleum-related chemicals and heavy metals were detected in groundwater near the former gasoline pump station and fuel storage tanks. Subsurface soil samples in these locations contained concentrations of similar chemicals and metals above cleanup standards. Samples taken of sediment in the North Fork Palouse River adjacent to the site did not contain concentrations of contaminants above cleanup levels. These recent sampling efforts identified indicator hazardous substances on the property, and additional sampling will be required to determine the nature and extent of contamination in order to develop a detailed plan to remediate the site. The work plan for this additional sampling is being developed as part of the integrated planning process.

MTCA and Superfund

Cleanup of contaminated sites in Washington State is regulated by the Model Toxics Control Act (MTCA). The law is administered by the Department of Ecology's Toxics Cleanup Program. The law prescribes the technical requirements and standards for cleanup. It also establishes funds that are available to local governments to conduct cleanups.

The federal Superfund law also regulates cleanup, but small sites like Palouse Producers typically do not come under the authority of Superfund. The City did receive a federal grant to assess contamination at Palouse Producers, and funds are potentially available to support future cleanup.

The plans for cleanup of the property can be tailored to the future use of the site. Options may include removal of contaminated soil, on-site containment, or in situ remediation in which microorganisms or chemicals are injected into the soil and groundwater to break down hazardous substances. Cleanup plans will be developed to eliminate pathways that may expose people or the environment to hazardous substances. The design of effective and cost-efficient cleanup actions will be conducted later in the cleanup process, based on the future use of the property and additional characterization of the contamination.

MTCA provides two major administrative pathways for cleanup of contaminated sites:

Formal Process—The formal process involves legal agreements with Ecology that outline the scope of cleanup actions. The process of investigating contaminants, studying cleanup options, and implementing a remedy is overseen by the state, and public involvement is required at key decision points. The

formal process can lead to the highest level of liability protection available under MTCA with settlement of liability with the state and protection from future contribution claims, but can be a challenging, restrictive process.

Independent Process—The independent process allows the property owner to determine the scope and schedule of cleanup and the level of Ecology oversight. Cleanup under the independent process must meet the same substantive requirements as the formal process, but reduces administrative requirements. The property owner can choose not to involve Ecology until completion of cleanup or enter the Voluntary Cleanup Program (VCP) in which Ecology provides opinion letters at key points of the process to determine whether MTCA requirements are being met. The VCP allows the property owner to determine the scope and schedule of the cleanup as well as the level of Ecology involvement in the process. Completion of a cleanup under the VCP does not provide the same legal protections as under the formal process, but can lead to a determination that no further action is required at the site, which is typically sufficient to support project financing. Certain state and federal grants are available only to property owners enrolled in the VCP.

Implications for Future Use

- Cleanup of the property will be required before or simultaneously with redevelopment.
- Plans for future use of the property will direct the methods and design of the cleanup. Costs for remediation will vary, depending on future use and specific cleanup alternatives.
- Additional sampling is required to fully characterize contamination at the site and develop a cleanup plan with an accurate cost estimate.
- The legal framework for cleanup in Washington State provides administrative options with different levels of oversight and various tools to provide liability protection and manage risk.
- State and federal funds are potentially available to offset cleanup and redevelopment costs.

1.3.3 Economic Development

Successful redevelopment of the Palouse Producers site will depend on an accurate assessment of the local and regional market opportunities and challenges. As a relatively small market, the economy of Palouse is inherently linked to the nearby larger cities of Pullman and Moscow as well as to the network of small towns in the region. The demographics of the Palouse market are characterized by moderate population growth in the region and a relatively steady population level in the city. The influence of the universities of Washington State and Idaho is reflected in the relatively high percentage of adults with advanced degrees. The universities also contribute to relatively low levels of unemployment in Palouse through direct jobs and support of business and technology parks in Pullman and Moscow. While providing fewer jobs than in the past, agriculture continues to be an important economic sector directly and through processing and distribution firms and supporting industrial businesses. The scenic beauty, natural resources, and rich history of the Palouse region support a strong tourism and recreation economy that provides revenue and employment with potential to grow in the future. In the city, niche retail businesses focused on antiques and handcrafted art and goods are creating a brand and identity that are revitalizing the downtown commercial area. These businesses provide services that are not replicated in larger shopping centers and that capitalize on the unique experience of shopping in a small historic downtown atmosphere. A financial analysis of the redevelopment potential of

the Palouse Producers property conducted by E.D. Hovee and Company (Hovee, 2009) makes the observation that substantial sales leakage is occurring in Palouse, where residents travel outside the local community to make purchases, and recommends that sales leakage is most likely to be recaptured if the shopping district continues to build on its inherent advantages of attractiveness, walkability, and unique character.

The financial analysis (Hovee, 2009) provides an assessment of a wide range of future use options for the property and strategies for City involvement in cleanup and redevelopment. The future use options range from open space to residential to commercial to industrial. The uses were evaluated based on a number of factors, including market demand, zoning compliance, and community support. The preliminary evaluation did not reveal a strongly preferred future use for the property, but rather described the relative advantages and disadvantages of different options. Analysis of two potential development scenarios indicated that, from a financial perspective, redevelopment is challenging but, with the support of public investment, can be feasible.

While redevelopment of the Palouse Producers property will likely require public-private partnership to be successful, the City has a strong track record of implementing projects through partnerships with both the public and private sectors. There are a number of local and regional economic development agencies and private entities that can potentially collaborate with the City on this project. Whitman County has indicated that they are supportive of the project and could potentially provide resources through the public works department or Sales and Use Tax (09 funds). The project also aligns with the mission of the Port of Whitman County (Port) to promote economic development countywide. The Palouse Chamber of Commerce has demonstrated tremendous capacity to promote local businesses and organize events that draw visitors and consumers to the community. There may also be potential to engage Washington State University, University of Idaho, or other colleges in the region in investing in reuse of the Palouse Producers property. For more details see Section 3.

Implications for Future Use

- The City of Palouse economy functions as a part of the regional market, with especially strong connections to Moscow and Pullman. Economic development in Palouse must fit into this regional context to be successful.
- Areas of growth and opportunity appear to lie in the niche market of antiques, crafts, and art stores and restaurants that capitalize on the unique atmosphere of the City and the tourism and recreation sectors.
- Business and technology parks in Pullman and Moscow create a benefit to the regional economy, but are strong competition for recruiting those types of businesses to the Palouse Producers property.
- Construction costs on the Palouse Producers site related to cleanup and development in the floodplain combined with local property values and lease rates are challenging for financial feasibility of redevelopment and will likely require public investment to make the project successful.
- There are a number of potential organizations that could partner with the City to cleanup and redevelop the Palouse Producers property. The challenge will be aligning interests and obtaining commitments from potential partners.

1.3.4 Site Planning and Land Use Regulation

The integrated planning process will explore a range of potential future uses of the Palouse Producers property. It is important in planning for future use of properties to balance flexibility for private investment and predictability for the community. The City can craft that balance through local development regulations. Redevelopment of the property will occur within the regulatory framework of federal, state, and local land use and environmental laws. The most pertinent land use policies and regulations are briefly described in Table 1-1 and discussed in more detail in Section 4.

Table 1-1. Land Use Regulation Matrix

Policy, Law, or Regulation	Lead Agency	Significance for Redevelopment of Palouse Producers Property
Comprehensive Plan	City	Other local regulations must align with Comprehensive Plan, which is currently being updated. The existing Comprehensive Plan and proposed updates to goals and objectives are supportive of cleanup and redevelopment of Palouse Producers property.
Zoning	City	High Density—current zoning allows for range of uses, including commercial, industrial, open space Commercial—proposed future zoning. This new zone is not yet defined, but is likely to allow a range of retail, office, and mixed uses.
Critical Areas Ordinance	City	Aquifer Protection Area—limits use of hazardous chemicals on site, requires plan to prevent and respond to any spills. Critical Habitat Area—requires development of a management plan to protect wildlife and habitat. Wetlands—if identified on property, requires a 25- to 250-foot buffer around wetland or mitigation to compensate for loss of wetlands. Frequently Flooded Area—requires compliance with the City’s Flood Construction and Use Regulations.
Flood Construction and Use Regulations	City	Requires elevating bottom floor to at least 1 foot above 100-year flood elevation or certified flood-proofing of buildings (residential must be elevated). May require study to determine that the redevelopment does not cause net rise in 100-year flood elevation.
Building Code	City	New nonresidential buildings require sprinkler system and compliance with Americans with Disabilities Act (ADA) access requirements. Renovation of existing buildings requires sprinkler system and ADA compliance if there is a change of historical use.
Shoreline Master Program (SMP)	City / Ecology	Commercial—current designation. City required to update SMP by 2014. Requires Shoreline Substantial Development Permit—issued by City and reviewed by Ecology (Ecology has final approval authority for Conditional Use permits). Jurisdiction extends 200 feet from ordinary high water line and may include associated 100-year floodplain.
State Environmental Policy Act (SEPA)	City	Requires review of potential environmental impacts of projects. Level of review is commensurate with complexity, scale and potential impacts of project.
Clean Water Act — Sections 404 and 401	COE / Ecology	Permit required for placement of fill in wetlands or waterway.
Washington Hydraulic Code	WDFW	Approval required for any diversion, obstruction, or alteration of natural flow or bed of a river. Jurisdiction extends to ordinary high water line.

City—City of Palouse; Ecology—Washington State Department of Ecology; COE—U.S. Army Corps of Engineers; WDFW—Washington State Department of Fish and Wildlife

Implications for Future Use

- Update of the zoning code should provide flexibility for private investment to respond to market demand for the Palouse Producers property while providing the public with reasonable certainty regarding future use.
- Floodplain regulations and building code standards will increase construction costs for vertical development on the property. Regulations also restrict residential uses on the first floor.
- Delineation of critical areas on the property is necessary to determine whether buffers limit developable footprint of the property.
- Compliance with parking requirement may limit options for future use.

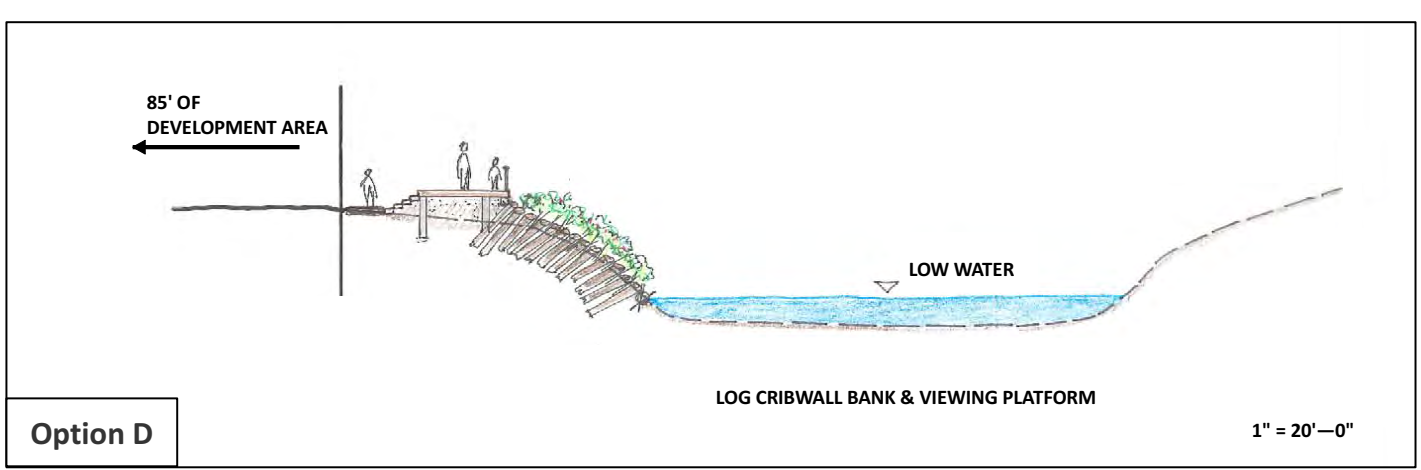
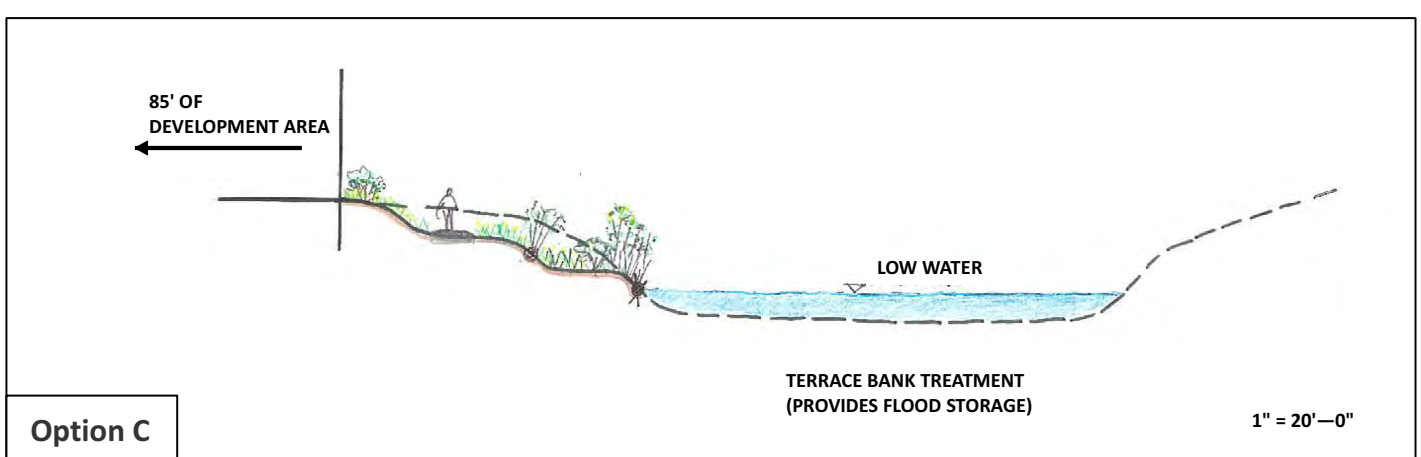
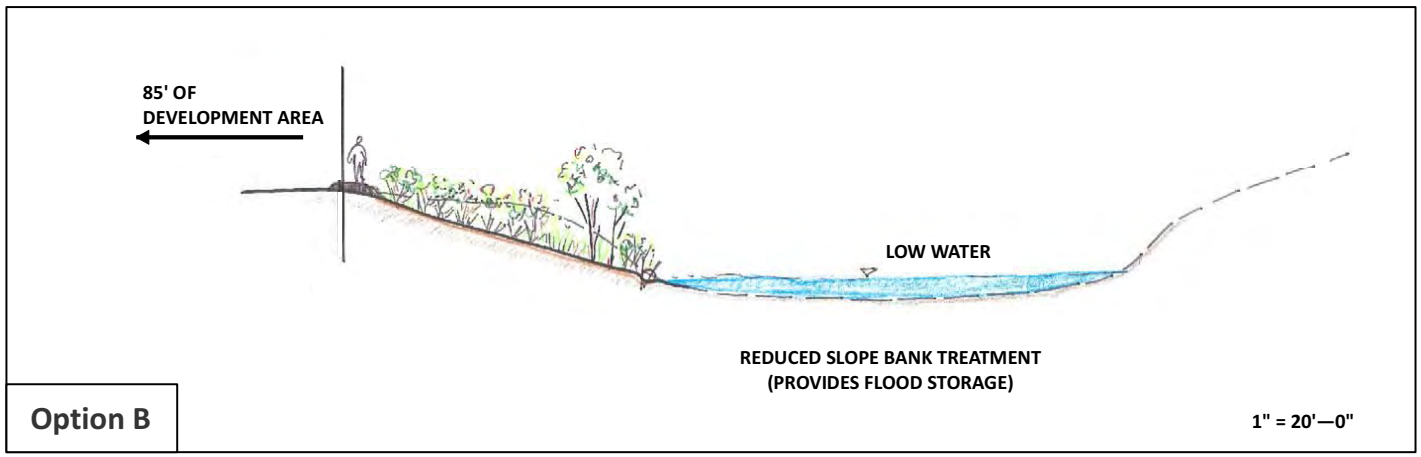
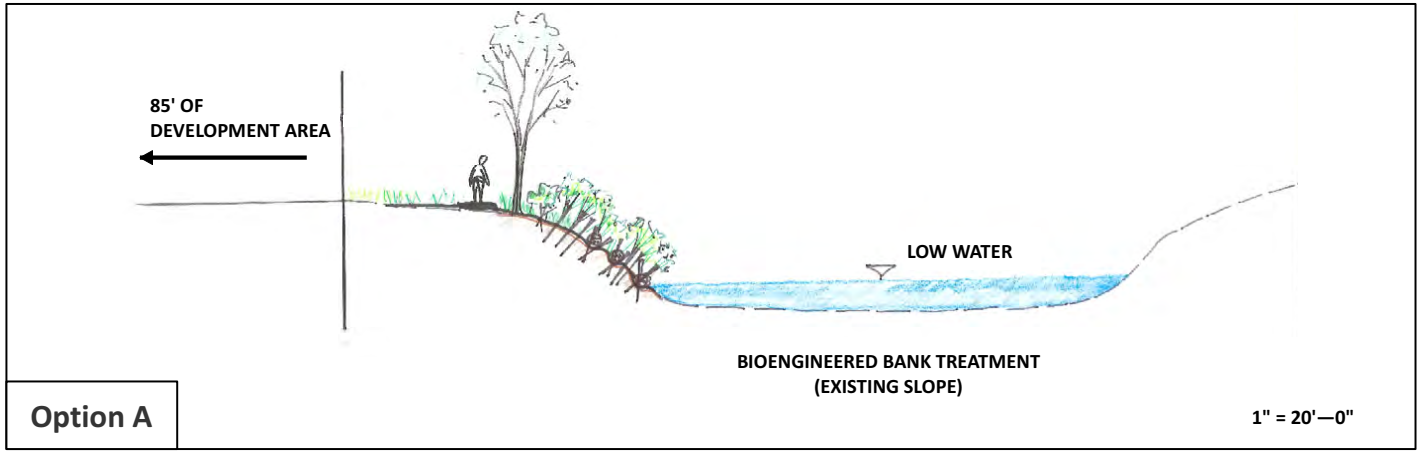
1.3.4.1 River Connections

There is strong interest in the community in improving connections to the North Fork Palouse River. The riverfront on the Palouse Producers property provides an opportunity to create public access. The opportunities for access range from active recreation such as a canoe and kayak launch, to an overlook plaza, to more passive options such as a nature trail. Public access could also be explored along the length of the river through downtown in a linear greenway. A continuous greenway may not be feasible on the north bank of the river because of existing building setbacks. Another option is to create small parks at the ends of the streets or other locations. These river access points could be connected to each other and to the Shady Lane trail on the south bank of the river with way-finding and educational signs.

Habitat Restoration

The City has also expressed interest in opportunities to improve habitat along the riverbank on the Palouse Producers property. The south side of the property currently contains a swath of herbaceous vegetation dominated by nonnative invasive plants that have little habitat value for wildlife. The bank of the river on the property shows signs of slumping in some locations. Habitat restoration on the property could focus on stabilizing the stream bank and establishing a plant community that is more beneficial to birds, butterflies, and other wildlife. Plans for habitat restoration could be integrated with public access to provide both views of the river and nature education opportunities. The variation in seasonal flows of the North Fork Palouse River will be a challenge for establishing a restoration project. Stream bank restoration plans must accommodate the high river levels and flows of winter and the low summer flows.

A plan for restoring the stream bank will need to be coordinated with plans for the future use of the rest of the property. Figure 1-4 displays typical restoration options that could be implemented on the Palouse Producers property. These restoration options can be combined to suit the conditions of different sections of the river bank and the future use of the property. Each of these options employs bioengineering techniques that use native vegetation and natural materials such as stone and large wood to maintain the toe of the slope and stabilize the bank while improving habitat for fish and wildlife. Planting plans would take into consideration both maintaining and framing river views and protecting the stream bank.



DRAFT **Figure 1-4**
Stream Restoration Options
 City of Palouse
 Palouse, Washington

Option A maintains the existing slope of the bank, but controls invasive plants on the site and establishes native vegetation that would help stabilize the slope through their root systems and adding roughness that slows erosive water flows.

Option B involves grading and replanting the bank to create a more stable slope. Decreasing the steepness of the slope will decrease the forces that cause erosion and slumping. Native plants with strong root systems, such as willows, can be planted in key locations to help stabilize the bank.

Option C envisions excavating the site to create terraces. This method could integrate excavation that may be needed to clean up contaminants and increase flood storage capacity along the river. The terraces could be designed for public access through most of the year with but with a flexibility that would allow their inundation during high river flow events.

Option D uses wood and vegetation to create a crib wall to hold steep sections of the bank. Crib walls have been demonstrated to be a successful alternative to bulkheads or other hard structures typically used to retain steep banks. The crib wall structure could provide a platform for a scenic overlook.

These options represent a toolbox of stream bank restoration techniques that can be implemented in combination as most appropriate along different sections of the bank on the Palouse Producers property. Each can be incorporated into future plans for public access and redevelopment of the property. Restoration of this bank can be used as an education opportunity and model for improving stream habitat conditions in Palouse and surrounding communities.

Small-Scale Hydropower Feasibility

As part of the process of exploring future use options for the Palouse Producer property, the potential for generating energy from the river was explored. The City is interested in the potential to develop a “run of river” small-scale hydropower system, which means that no large dam or water storage reservoir is built and no land is flooded. Only a fraction of the available stream flow at a given time is used to generate power, and this has little environmental impact. The preliminary assessment of hydropower indicates that it is not feasible on this site for two primary reasons: physical conditions and funding.

Physical Conditions—The amount of energy that can be generated by hydropower depends on the flow rate and the height from which the water falls (the head). Analysis of flow data for the North Fork Palouse River indicates that the variability of flows through the seasons would make it very difficult to design an efficient turbine system that could operate under the high winter flows and still produce energy with the low summer flows. The reach of the river through the City has a very gentle grade that provides too little head to make energy production feasible without constructing an impoundment structure.

Funding—While investment in renewable energy is a national and statewide priority, hydropower has not been included as an eligible project for many of these grants and tax subsidies. This policy decision is related to the concern about environmental impacts of large-scale hydropower operations, but impacts small-scale projects as well. Based on preliminary analysis, development of a hydropower facility on the Palouse Producers property would require a significant financial investment without a strong return on energy production, with difficult prospects for obtaining grant funds to support the project.

1.3.5 Community Perspective

Interviews were conducted with individuals, business owners, and small groups to hear the larger community's views on redevelopment of the Palouse Producers property. The public involvement process will continue throughout this process, with the first community meeting to be held on September 30, 2009. The following summarizes the key themes heard so far. While everyone's viewpoint was unique, there was broad consensus on a number of areas.

Significance of the Former Palouse Producers Property

- The property is a significant component of downtown and it is currently underutilized
- The current condition of the property is unsightly and detracts from the quality of downtown.
- Contamination on the site is a liability that must be addressed.

Strengths of the City of Palouse

- High level of volunteerism and involvement in local community organizations driven by an optimistic attitude.
- Local business community promotes the improvement of the community, supports each other, and creates an excellent customer experience that draws tourists.
- Physical assets of the historic buildings, river, landscape, and infrastructure, including improvements to streets, sidewalks, water and sewer.
- Geographic proximity to the university cities of Moscow, Idaho, and Pullman, Washington, and location at a crossroads linking smaller communities in the area.
- Charm and atmosphere of a small town.

Future Needs of Palouse

- Accommodations for tourists to spend the night. The City opened a recreational vehicle (RV) park in the summer of 2009 on the west end of town and a local family rents a room in their home to visitors. The nearest hotels are located in Colfax, Pullman, and Moscow.
- More family-wage jobs. Recent business growth has been in retail, which draws tourists and increases sales tax revenue but does not create a high density of jobs with career advancement opportunities.

- Increased number and variety of businesses that fit the character of the community and complement existing businesses.
- Incremental population growth to maintain vitality of community and support local institutions such as the schools.
- Affordable housing.
- Continued renovation and increased use of historic buildings.
- Improved telecommunications infrastructure.

Future Uses of Palouse Producers Site

A range of options appear acceptable to the community, with the first two listed below as the most commonly recommended.

- Small professional, technology, or light industrial business
- Retail, potentially with residential on upper floor(s)
- Residential potentially senior/assisted living
- Public park or open space

The information about environmental conditions of the Palouse Producers property described in this report has been obtained from communications with the City and past environmental reports prepared for the property (Rice, 1985; SAIC, 1991; TechLaw, 2008). The Palouse Producers property is located in downtown Palouse, Washington. The property is surrounded by commercial uses and is adjacent to the North Fork Palouse River. The site slopes slightly south toward the river. The area south of the river is a large patch of forest with residential neighborhoods around it. There are currently two structures on the northern half of the property, which is paved. The southern half of the property is not paved and is covered by herbaceous vegetation. The southern portion of the site was filled over time as the property was developed.

The Palouse Producers property has been used for over a century for industrial applications, including a service station, a blacksmith, and a welding shop. Many of the past uses of the property could have impacted the property. Past environmental investigations have shown that the property is impacted with petroleum hydrocarbons and their associated constituents, metals, and pesticides. Based on past sampling results, the former service station operated by Conoco and later Palouse Producers is the likely cause of the environmental impacts to soil and groundwater. Soil and groundwater impacts have been identified near past reported spills and locations of tanks and associated piping. The extent of the contamination has not yet been determined. However, analysis of two sediment samples collected just south of the property in the North Fork Palouse River did not indicate site contaminants above cleanup levels.

Interim actions conducted in the past removed some of the impacted material from the property. The aboveground storage tanks, underground storage tanks, and impacted soils were removed from the property. In 1984 and 1985, two interceptor trenches were installed in the southern portion of the site to remove oil from the top of the water table. In 1992 the trenches were removed from the property, and in 1994 monitoring wells were decommissioned and the site was considered to no longer represent an immediate threat to human health or the environment. The most recent soil sampling conducted by TechLaw, Inc. in August 2007 shows that the past interim actions have removed contaminants from the property, but that some impacts remain in soil and groundwater (TechLaw, 2008). It will be necessary to delineate the extent of the impacts sufficiently to allow definition of the site and in order to complete a risk assessment and feasibility study of cleanup options.

2.1 Environmental Process

Cleanup of contaminated sites in Washington State is regulated under MTCA (Revised Code of Washington [RCW] 70.105D) through Ecology's Toxics Cleanup Program. The administrative rules for implementing MTCA (Washington Administrative Code [WAC] 173-240) establish the procedural and technical requirements for cleanup of contaminated sites. The Palouse Producers site has been reported to Ecology and added to the statewide inventory of cleanup sites (Site Identification Number 787). As required under MTCA, a site hazard assessment has been conducted to rank the relative risk the site poses to human health and the environment. The site hazard assessment conducted in 1991 ranked the property as a 1 on a scale 1 to 5, indicating a high-priority risk (SAIC, 1991). To allow development on the property, it will be necessary to understand the nature and extent of the environmental impacts and to establish agreement with Ecology

as to how they will be addressed. It is important to note that MTCA defines a contaminated “site” as the extent of contamination, not as a property boundary (RCW 70.105D.040 and WAC 173-340-200).

MTCA prescribes a series of steps to achieve cleanup of contaminated property:

- Remedial Investigation—delineate nature and extent of environmental impacts.
- Risk Assessment—evaluate the risk that the environmental impacts may pose to potential human health and environmental receptors.
- Feasibility Study—determine the most appropriate actions to protect receptors from environmental impacts.
- Cleanup Action Plan—describe the selected cleanup methods and specify site-specific cleanup standards (note that this document is prepared by Ecology under the formal administrative pathway).
- Remedial Design—detailed engineering plans and specifications for implementing the Cleanup Action Plan.
- Cleanup Construction—implementation of the Cleanup Action Plan and Remedial Design.
- Operation and Maintenance—activities conducted at the site after cleanup construction is completed. These can include monitoring and institutional controls such as covenants, codes, and restrictions that limit or prohibit activities that may compromise the cleanup remedy or result in exposure to hazardous substances on the property.

While the process steps are the same, MTCA provides two administrative paths to manage site cleanup: the formal program and independent program (see Figure 2-1).

The **formal process** involves Ecology oversight through legal instruments of Consent Decrees and Agreed Orders. The formal process is typically employed for large or complicated sites with multiple contaminants in different media. Under the formal process, the scope and schedule of work are negotiated with Ecology. The formal process requires extensive Ecology staff review and public involvement in cleanup decisions. The City could enter the formal process through a Prospective Purchaser Consent Decree, a formal agreement between Ecology and a potential purchaser of an impacted property with the intent to redevelop or reuse the site.






- Prospective Purchaser Consent Decree—The City and Ecology could agree to the scope of work and schedule for cleanup. Ecology would supervise the cleanup process and upon completion issue a No Further Action (NFA) determination. The site would go through a periodic five-year review to make sure that the cleanup action is effective. The advantage of the Prospective Purchaser Consent Decree is that it would provide the City with settlement of liability with the state and protection from contribution claims. The disadvantage of the Consent Decree process is that it takes, on average, approximately ten months longer than the VCP and entails higher administrative costs.



Figure 2-1
Historical
Sample Locations
City of Palouse
Palouse, Washington

DRAFT

Legend

-  Monitoring Well
-  Sediment Soil Sample
-  Surface Soil Sample
-  Crest of Slope
-  Site Boundary

Notes:
1. Sample locations and site boundary are approximate.



Source: Aerial photograph (2007) obtained from City of Palouse

The **independent program** allows property owners to conduct cleanup with limited Ecology oversight and approval. Following completion of the cleanup, the property owner reports to Ecology the remedial actions conducted and the agency determines whether the actions fulfill the MTCA requirements. The VCP under the independent pathway allows the property owner to determine the level of Ecology involvement in the process. Under the VCP, the property owner can obtain opinion letters from Ecology at various points in the cleanup process to determine the sufficiency of plans to meet MTCA requirements. Upon completion of cleanup, an NFA can be obtained. Through the opinion letters and NFA, the VCP provides greater legal comfort than the fully independent pathway. It does not provide the same level of liability protection as the formal pathway, however.

- VCP—The City could enter the VCP once it has ownership of the property. This is a less formal and typically more expedient process than the more formal Consent Decree. Once the feasibility study has been completed, Ecology will issue an NFA opinion letter if all requirements have been met. The advantage of the VCP is that it allows the City greater control and flexibility with respect to cleanup plans. The cleanup process is typically completed in a shorter timeframe in the VCP than under the formal program. To be eligible for U.S. Environmental Protection Agency (USEPA) grants and loans for cleanup of petroleum-contaminated sites, the City would need to enroll in the VCP. The disadvantage of the VCP is that it does not provide as high a level of liability protection as a Consent Decree.

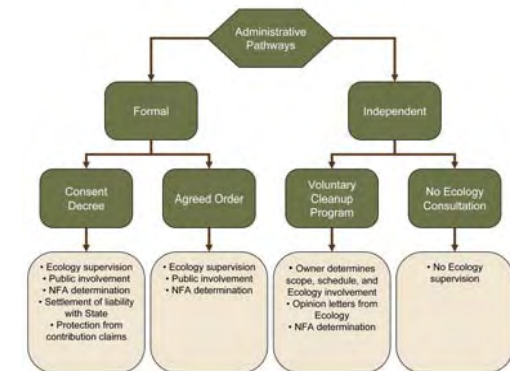


Figure 2-1. MTCA Administrative Pathways

2.2 Due Diligence

In addition to the protections provided through the cleanup process discussed above, there are actions the City can undertake prior to acquisition of the Palouse Producer property to limit potential liability. At the time of acquisition of the property, the City could have a Phase I environmental site assessment (ESA) completed for the property that is consistent with the USEPA’s all appropriate inquiry (AAI) under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA or Superfund Law). The Phase I ESA would support the Bona Fide Prospective Purchaser defense. Note Phase 1 ESA’s have a limited “shelf life” for being considered accurate and up to date, so it would be conducted within six months of the transition date of the property to support the liability protection.

A Phase I ESA consists of a site reconnaissance, interviews of current and past owners and operators, current and historical records review, and review of previous environmental reports. The purpose of the Phase I ESA is to identify, to the extent reasonably feasible, “recognized environmental conditions,” which are potential environmental issues on the property.

Phase I ESAs completed consistent with CERCLA AAI standards are also supported by MTCA (RCW 70.105D.040). As with the federal statute, the Washington State law indicates that the purchaser of the property must not contribute to the existing impacts, interfere with remedial actions, or increase risk to potential receptors.

2.3 Key Findings

- To allow redevelopment, it will be necessary to address historical contamination of the Palouse Producers property. The future use and site design of the property will direct the potential cleanup remedies.
- Cleanup of the Palouse Producers property will require compliance with the process established under MTCA. This will require additional sampling to fully characterize the nature and extent of contamination.
- There are multiple administrative pathways that the City can take if it chooses to conduct cleanup of the property. Although the substantive requirements for cleanup are the same, the pathways provide different levels of liability protection, entail different levels of administrative costs, and have implications for federal and state funding eligibility. The choice of administrative pathway should be based on risk tolerance and funding resources.
- There are multiple sources of state and federal funding to support cleanup and redevelopment of brownfield sites such as the Palouse Producers property.

3 ECONOMIC DEVELOPMENT

3.1 Description and Assessment of Market

Successful redevelopment of the Palouse Producers property will depend on identifying a future use or range of uses for the property that is supported by the local and regional market. The purpose of this economic development assessment is to examine the trends, opportunities, and challenges in the local and regional economy. The economy of Palouse is based on local businesses, but as a small community it is also intrinsically connected to the regional economy, with special relationship with the university towns of Pullman and Moscow. The follow assessment explores both regional and local market conditions.

3.1.1 Regional Market

For the purposes of this assessment, the **regional market** is defined as the area within a 60-minute drive time from the City and that comprises the local business and recreational assets that are most likely to impact the downtown economy (see Figure 3-1). Attributes from the region’s road infrastructure system were used to determine the drive time extent and include the road network size and speed limit. The primary counties captured by this region are Whitman and Latah. Additionally, segments of counties captured by this region include Spokane and Asotin counties in Washington; and Kootenai, Benewah, and Nez Pierce counties in Idaho. Information on each county was collected at the zip code level as units for analysis in order to compensate for partial counties included in the regional market. This level of geographic analysis resulted in the regional market comprising 38 zip codes. The smaller cities captured by the region include Potlatch, Onaway, and Tensed in Idaho; and Albion, Colfax, Farmington, Garfield, and Oakesdale in Washington. The region also includes the larger cities of Pullman, Moscow, and Lewiston to the south, while falling just short of the urban fringes of Spokane near Spangle, Washington, to the north. The towns of Bovill, Idaho and La Crosse, Washington reside at the eastern and western fringes of the regions, respectively.

3.1.2 Local Market

The incorporated boundary of the City contains most of the local population and business activity. However, significant populations and businesses reside outside these city limits. Using the regional market definition, the zip code boundary for Palouse (i.e., 99161) serves as the **local market** area for this study and will be referred to as “Palouse” for the demographic

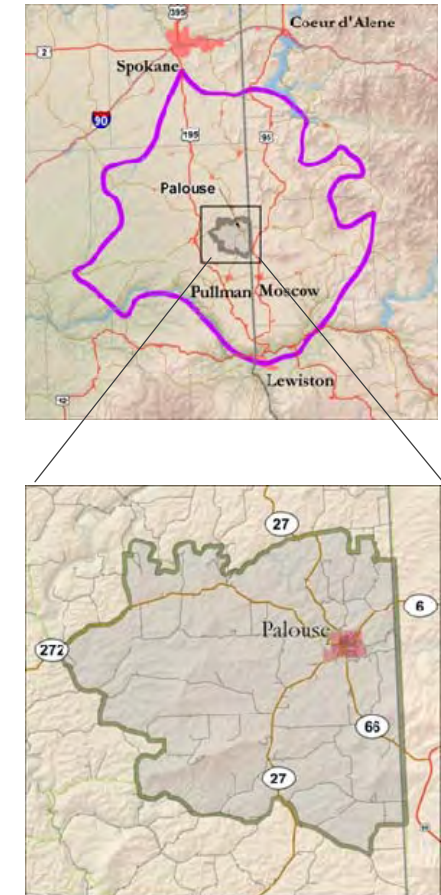


Figure 3-1. Regional and Local Market Areas

and business summaries (see Figure 3-1). This allows for consistency in analysis and establishes a more realistic trade area. The Palouse zip code is approximately 57 square miles in size and is bordered by Garfield (99130), Colfax (99111), Pullman (99163), Viola (83872), and Potlatch (83855). Five state highway routes connect each of these zip code areas to Palouse.

3.2 Demographic Overview

3.2.1 Regional Demographics

Based on the 2008 data, the region appears to show signs of moderate growth (see Figure 3-2). While the population growth rate has decreased in the region, the region as whole continues to grow. Income, employment, and educational attainment show moderate growth (see Figure 3-2). Because of lag time in data acquisition, current housing market and employment trends may not be fully reflected at this time. Current data indicate increased rates in owner occupancy, higher vacancy, and lower rentals.

- The region's decennial population (1990-2000) grew nearly 22 percent by year 2000, but has increased only an additional 8 percent since 2000 (2000-2008).
- Per capita income increased by 33 percent from 2000 through 2008, with an annual growth rate of 3.24 percent.
- The unemployment rate (percentage of recognized labor force not employed) dropped by less than two percent from 2000 through 2008.
- The percentage of adults with four-year degrees increased by almost 2 percent from 2000 through 2008. This trend is likely related to the nearby university towns of Pullman and Moscow.

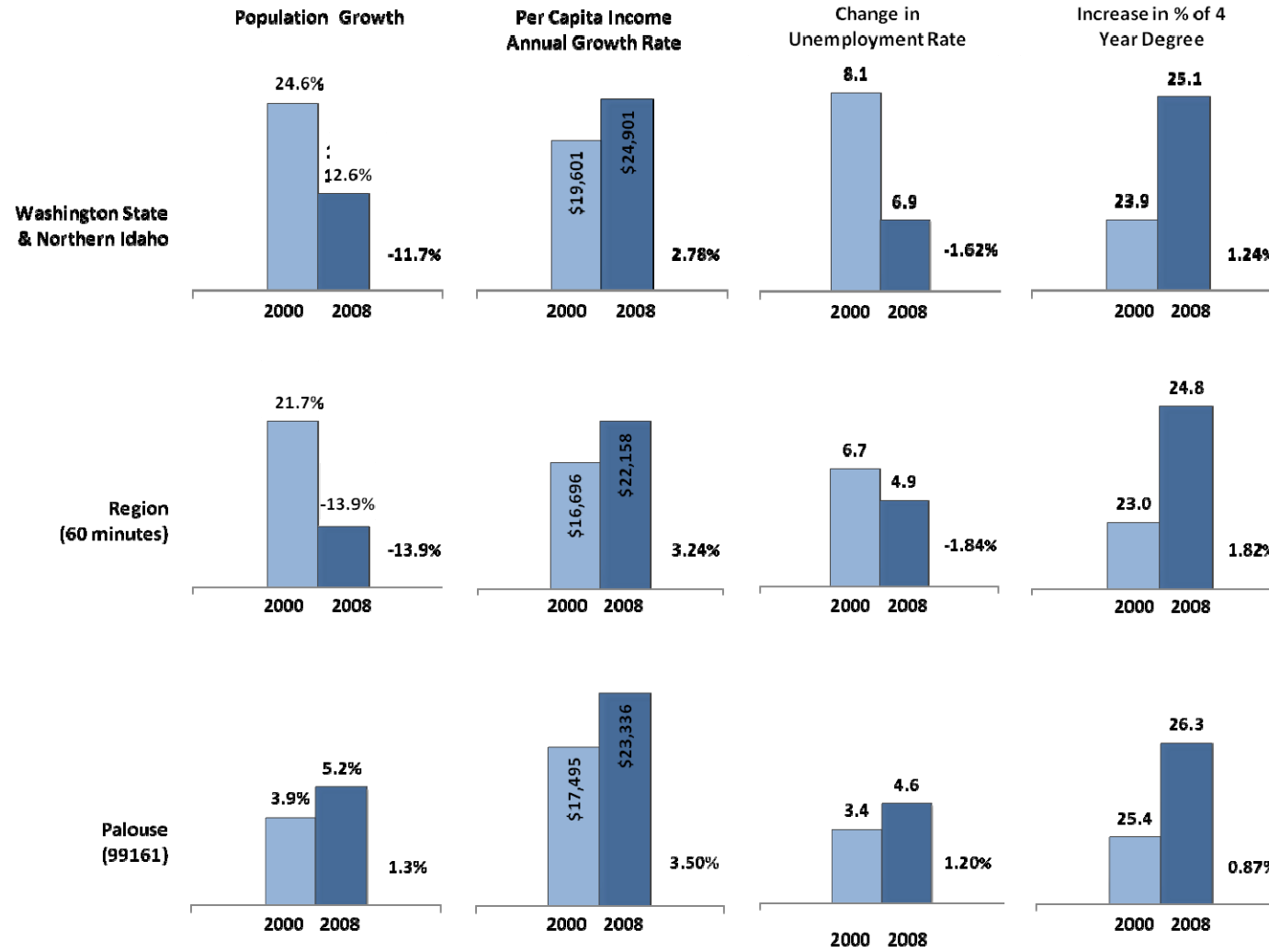
3.2.2 Local Demographics

Based on data current as of 2008, Palouse appears to show signs of continued growth, with some anomalies regarding economic activity. While population growth for the City has remained flat, the Palouse area has experienced increased growth rates (See Figure 3-2). Income and educational attainment have increased, while employment has decreased. Palouse appears to be experiencing higher vacancy rates than the region, but again, lag time in data acquisition makes this unclear at this time.

- The region's decennial population (1990-2000) increased by nearly four percent by year 2000, and increased by 5 percent since 2000 (2000 through 2008).
- Per capita income also increased by 33 percent from 2000 through 2008, with an annual growth rate of 3.5 percent.
- The unemployment rate increased by over 1 percent from 2000 through 2008.

- The percentage of adults with four-year degrees increased by almost 1 percent from 2000 through 2008.

Figure 3-2. Selected Palouse and Regional Demographics



Data Source: ESRI, Inc.

3.3 Business Summary

3.3.1 Regional Business Summary

A number of industry/business types were analyzed for their potential as economic growth stimulants in Palouse. These particular business sectors were selected in response to community input and recent economic reports published on the region, including the Palouse Economic Development Council’s (PEDC) 2008 Comprehensive Economic Development Strategy and E.D. Hovee and Company’s July 2009 Economic and Fiscal Impact Model for Brownfields Property Reuse, which uses the Palouse Producer site as a case study. Using a national business database (Info-USA, 2008), business locations were gathered and organized by their North American Industry Classification System (NAICS) codes and grouped by their drive time subregion. Within the 60-minute region, increments of 15-minute drive times were broken out and used to examine variances in the regional market (see Table 3-1). Most businesses in the region are located at or beyond the 15- to 30-minute drive time from Palouse. A noticeable decrease occurs between the 30- to 45-minute drive time, consistent with this area’s mostly rural activity.

Table 3-1. Selected business sectors within 60-mile drive time

	Palouse	5-15 min	15-30 min	30-45 min	45-60 min	Region
Accommodations	0	2	20	7	27	56
Food/Entertainment	3	7	147	26	138	321
Industrial Manufacturing	2	7	40	9	76	133
Technology/Engineering	0	3	21	4	9	37
Craft/Cottage Industry	4	5	17	6	31	63

Data Source: ESRI, Inc. and Info-USA

Industry types are as follows:

- *Accommodations* include hotels, motels, bed & breakfasts, and RV camping sites.
 - Accommodations in the region cluster around the urban fringes at the 15- to 30-minute range and 45- to 60-minute range. Three RV/camping sites, four bed & breakfasts, and 15 hotel/motels are located within 30 minutes of Palouse. Many of the accommodations are located along the Interstate and US highway systems near Spokane, but still fall within the regional boundary defined by the 60-minute drive time.
- *Food & Entertainment* include restaurants, coffee shops, drinking establishments (includes wineries and breweries), museums, casinos, theatres, and indoor recreation.

- Out of the 241 food establishments, nearly 30 percent are recognized fast-food chains. All fast-food chains and over 90 percent of all food establishments occur within the 15- to 30-minute and 45- to 60-minute ranges (urban concentrations). Two wineries and 17 entertainment venues are located within 30 minutes and only another eight are within 30 to 60 minutes.
- *Industrial Manufacturing* includes machinery, building materials, textile, precision instruments, and other products related to factory-built goods. Parts of both the craft/cottage industry and the technology sectors are included because of national business database reporting overlap in NAICS codes. These industries are fully reported in their respective descriptions below. The sectors that include industries such as wineries, commercial baking, and other food manufacturing are not included.
 - Manufacturing is concentrated in the 15- to 30-minute and 45- to 60-minute ranges. A significant proportion of manufacturing (57 percent) occurs in the 45- to 60-minute range.
- *Technology* businesses include engineering services, biotech and laboratory services, and semiconductor manufacturing.
 - Employers in the technology sector reside mainly in the 15- to 30-minute range (mainly in Pullman). Industries identified as possible support services to technology businesses appear to be distributed proportionally throughout the region.
- *Craft and Cottage Industries* include quilting, ceramics, hide tanning, small local manufacturers, and the sale of custom goods.
 - Retail industries described as craft or cottage industries are distributed throughout the region, with most occurring within the 45- to 60-minute range.
- *Agriculture-specific* industries were not separately identified in the national business database, but are included in the industrial manufacturing sectors involving manufacture of farm machinery, fertilizer, and pesticide. However, a number of regional characteristics associated with agriculture are prevalent.
 - Agriculture occupies most of the land in the region, but mechanization in this sector has decreased the number of jobs on the farms. This is indicated by the PEDC estimate that only approximately 3 percent of jobs in Whitman County come from the agriculture, fishing, and forestry sectors (PEDC, 2008). Agriculture remains an important sector with distribution and processing facilities in the City of Palouse.
 - The trend in agricultural suppliers has been to close local operations and operate from central distribution centers, but agricultural suppliers and light manufacturing to support agriculture are still important components of the Palouse. For example, Palouse Grain Growers, a prominent processor and distributor of pearl barley, and Palouse Welding and Machine are both located in the City and provide family-wage jobs and contribute to the tax base.
 - While direct employment in this sector is relatively small, it remains a fundamental part of the regional economy based on businesses that serve the agricultural sector, tourism related to agriculture, and the central role of agriculture in the regional identity.

- Two emerging areas for agriculture in the Palouse region are vineyards and organic farms oriented toward local markets. Vineyards and wineries have become a tremendous addition to Walla Walla County, and two wineries have opened in Whitman County near Pullman: Merry Cellars and Wawawai Canyon Winery.

3.3.2 Local Business Summary

As stated in the regional business summary section, industry business types were selected based on community input and recent economic reports published on the region. For analysis purposes, data were gathered using a nationally published business database (Info-USA, 2008). Businesses captured by this dataset rely on sales and revenue reporting and media exposure. However, due to the small size of many Palouse businesses, many may not appear in the analysis.

Local businesses compared with region:

- *Accommodation*—There are no hotels located in Palouse. However, one bed & breakfast and an RV campground are present within the 15-minute drive time. Additionally, the Bagott family rents a room for tourists near downtown and the City recently opened an RV park at the west end of Main Street.
- *Food and Entertainment*—Four eating and/or drinking establishments are found within the City limits of Palouse: the Green Frog, the Bank Left Tea Room, the Family Café, and the Palouse Tavern. The national business database (Info-USA, 2008) did not identify any entertainment-related businesses in Palouse.
- *Craft and Cottage Industries*—Palouse supports a quilt shop, five antique stores, a woodworking shop, a custom hot rod shop, and an art gallery.
- *Technology Employment*—No technology sector jobs reside in Palouse, although two laboratories are located within the 15-minute drive time range.
- *Industrial Manufacturing*—Two manufacturing sector employers reside in Palouse (a print shop and a machine shop), but seven are located within the 15-minute drive time range.



Downtown Palouse Shops on Main Street

In addition to the business sectors described above, Hovee (2009) provides a detailed inventory of the City's downtown businesses in its Economic and Fiscal Impact Model for Brownfields Property Reuse report.

3.4 Tourism and Recreation

The regional economy, and Palouse in particular, have an opportunity to leverage the tourism and recreation assets of the region for continued economic growth and development. Therefore, this report specifically focused on the region's tourism and recreational assets and recent tourism data for Whitman County.

According to the PEDC's (2008) Comprehensive Economic Development Strategy, tourism is one of the region's priorities and has been short-listed under the PEDC's primary vision and goals for the region. Tourism and recreation are important to the vitality of the regional economy, and the PEDC (2008) suggests capitalizing on the region's competitive advantage of rich recreational opportunities, historical character of the area, scenic byways, and mild climate to help promote growth and economic development. In addition, according to Hovee's (2009) Economic and Fiscal Impact Model for Brownfields Property report, commercial, institutional, and /or residential reuse of the Palouse Producer's site is a viable option for reuse, with particular community interest in ground floor retail and possibly a boutique hotel that could help anchor tourism for the city. The interest in retail and/or a boutique hotel is grounded in Hovee's observation that substantial sales leakage is occurring, where residents travel outside the local community to make purchases. This analysis is consistent with Hovee's observation that sales leakage is most likely to be recaptured if the shopping district is attractive, easily walkable, and perhaps a bit funky; all of these are strong attributes of downtown Palouse.

3.4.1 Regional Assets

The natural environment surrounding the Palouse region provides a wealth of opportunities for recreation and tourism. Numerous recreation assets reside within the 60-minute region. However, many of the revenue-earning businesses that are associated with recreation (accommodations, food, etc.) lie well outside the City of Palouse.

Regional tourism and recreation opportunities include, but are certainly not limited to the following (See Figure 3-3):

- The *Palouse Scenic Byway* offers over 200 miles of farmlands and rolling hills, small-town charm, vistas, wildlife viewing, and recreational opportunities.
- *Rails-to-Trails* projects in the region provide an array of recreational opportunities, including walking, biking, inline skating, cross-country skiing, horseback riding, and wheelchair access. The region's rails-to-trails include the 3-mile Colfax Trail, the 7.5-mile Bill Chapman Palouse trail, the 11-mile Latah trail, the 72-mile Trail of the Coeur d'Alenes, and the 5.3-mile Kendrick-Juliaetta Recreational Trail.
- *Photography* of the unique rolling Palouse landscape is a regional and international attraction that brings thousands of tourists to the area.
- *Golf* courses in the region include the Colfax Golf and Country Club, the St John Golf and Country Club, the Tekoa Golf Course, the Washington State University Public Golf Course and the Palouse Ridge Golf Course located in Pullman, and the University of Idaho Golf Course and Moscow Elks Lodge.
- *Camping* opportunities in the region include Kamiak Butte State Park, located less than 6 miles from the City; McCroskey State Park and Heyburn State Park, located near Plummer, Idaho; Boyer Park, located at the Lower Granite Dam on the Snake River; and Central Ferry State Park, located at Lake Bryan.

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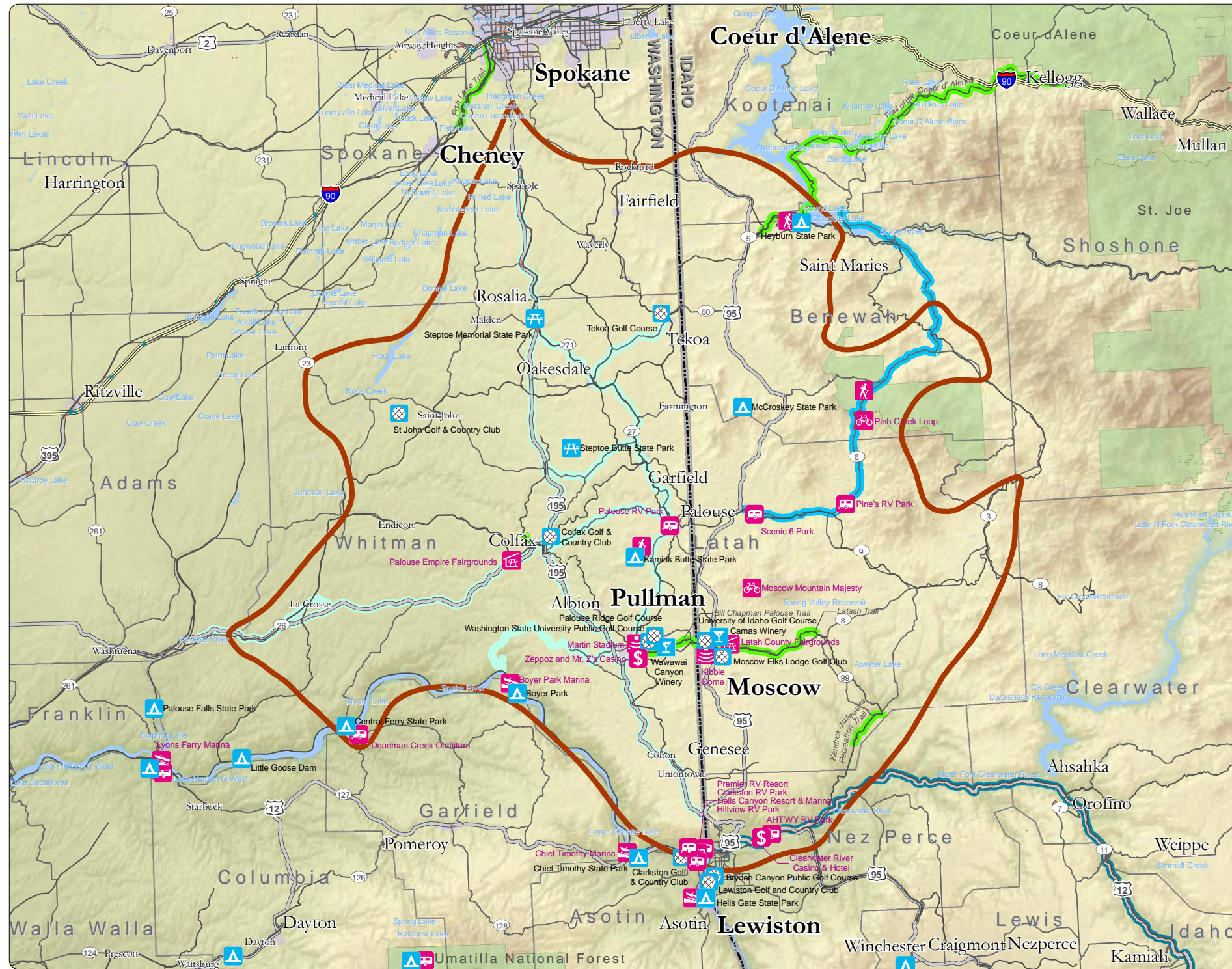
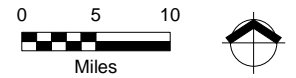


Figure 3-3
Regional Tourism and Recreation
 City of Palouse
 Palouse, Washington

DRAFT

Legend

- Golf Courses
- Winery
- Stadium
- Fairgrounds
- Casinos
- Biking
- Hiking
- Marinas
- RV Parks
- Day Use Area
- Campgrounds
- Lakes and Rivers
- Rails-to-Trails
- Palouse Scenic Byway
- White Pine Scenic Byway
- Northwest Passage Scenic Byway
- City
- National Forest
- County Boundary
- State Boundary
- 60 Minute Drivetime



Sources: InfoUSA, ESRI Inc., ArcGIS Online, Washington Department of Transportation, Washington Department of Natural Resources, Palouse Economic Development Council, Whitman County, and www.railstotrails.org

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- *RV Parks* in the region include: the recently opened Palouse RV Resort; the Deadman Creek Outfitters RV Park, located in Pomeroy; the Premier RV Resort, Hillview RV park, Clarkston RV park, and Hells Canyon RV Park, located in Clarkston; the Scenic 6 Park, located in Potlach; and the Pine’s RV Park, located in Harvard.
- The region provides a multitude of *Hiking* opportunities, which include but are not limited to the St. Joe National Forest, Steptoe Butte State Park, and the Trail of the Coeur d’Alene.
- *Biking* opportunities in the region include, but are certainly not limited to, mountain biking at Moscow Mountain Majesty trail, located 5 miles northeast of Moscow; Piah Creek Loop, located 35 miles northeast of Moscow; and the almost hundred miles of road and mountain biking on the region’s Rails-for-Trails.
- *Water Activities* include fishing, boating, and general water sport and are primarily located along the Snake River. Boyer Park Marina, located at the Lower Granite Dam, is the only marina located within the 60-mile drive time. Two additional marinas—Chief Timothy State Park and Hells Gate State Park—lie just south of the region, in Clarkston and Asotin, respectively.
- Two *Wineries* are located in the region: the Wawawai Canyon Winery, located in Pullman, and the Camas Winery, located in Moscow.
- *Fairgrounds* in the region provide a wide variety of activities, including carnivals, music, and rodeos. Regional fairgrounds include the Palouse Empire Fairgrounds, located in Colfax, and the County of Latah fairgrounds, located in Moscow.
- *Casinos* in the region include the Zeppoz and Mr. Z’s Casino in Pullman and the Clearwater River Casino and Hotel in Lewiston.
- The region is fortunate to have two university towns that provide year-round *Sporting Events*, including Martin Stadium, located on the campus of Washington State University in Pullman, and Kibbie Dome, located on the University of Idaho campus in Moscow.
- In Whitman County alone there are approximately 70 *Historic Places* listed on the National Register of Historic Places.



Scenic Palouse Countryside

In addition to the regional assets provided above, there are significant recreational and tourism opportunities that exist outside of the 60-minute drive time but that may still be considered as part of the regional identity. These opportunities include the Hells Canyon National Scenic Area, the Umatilla National Forest and Wilderness Area, and the Snake River.

3.4.2 Whitman County Travel Impacts

In December 2008, Dean Runyan Associates completed a Washington state travel impact report for the State of Washington Community, Trade and Economic Development office (Dean Runyan Associates, 2008). This report is broken down by county and provides insight into travel trends in the Palouse region. For ease of interpretation, only travel impact data associated Whitman County were analyzed (see Table 3-2 and Figure 3-3).

Notable travel impact trends for Whitman County include:

- Whitman County’s 5.3 percent annual growth in travel spending between 1991 and 2007 is above the state average of 4.7 percent.
- In 2007, direct travel earnings in Whitman County totaled 14.6 million, while the travel industry employed a total of 860 individuals.
- The *Accommodations and Food Service* sectors in Whitman County saw visitor spending and industry earnings rise at similar rates between 1991 and 2007: 160 percent and 162 percent, respectively. Industry employment in the accommodations and food service sectors also rose by a rate of 46 percent.
- The *Arts, Entertainment, and Recreation* sectors saw visitor spending and industry earnings rise at similar rates between 1991 and 2007: 92 percent and 106 percent, respectively. However, industry employment declined at a rate of -49 percent over the same period. These findings suggest that arts, entertainment, and recreation businesses in Whitman County have adopted profitable business models. These models include more efficient ways of conducting business, such as including Internet-driven sales or more automated management, that have resulted in reduced staff. Additional analysis is needed to determine the appropriate cause and effect.

Table 3-2. State of Washington and Whitman County Travel Impacts

	1991 Spending	2007 Spending	Annual Change	2007 Earnings	2007 Employment
Washington State	6,823	14,850	4.7%	4,227	149,800
Whitman County	23.4	53.9	5.3%	14.6	860

Data Source: Dean Runyan Associates, 2008.

Figure 3-4 Whitman County Travel Impacts by Market Sector



Data Source: Dean Runyan Associates, 2008.

3.4.3 Local Assets

Local recreation and tourist opportunities include:

- The *Palouse River* flows south of downtown through the City with the Shady Lane trail on its south bank connected to downtown by a footbridge.
- The *Hayton Green City Park* is located at the western end of downtown and includes a public swimming pool, picnic tables, and a large open space used for the annual Palouse Days car show and other special events.

- *Food and Entertainment* in Palouse includes The Bank Left Tea Room, The Family Café, Green Frog, and the Palouse Tavern Act II. While no entertainment-specific businesses are located in Palouse, the local food establishments are known to occasionally provide entertainment.
- *Annual Events* in Palouse include Palouse Days in September, the October Haunted House, the Holiday Open House in Downtown Palouse in November, and the Turkey Leg walk and run held in late November.
- *Accommodations* in Palouse include: the recently opened Palouse RV Park, offering ten full hookup sites; the McCroskey House, a historical bed & breakfast; and The Bagott House, providing overnight accommodations.
- *Craft Industries* in Palouse are defined as businesses specializing in the arts, crafts, antiques, and collectibles and include: the Bank Gallery, Linda's Whimseys, Needful Things, Open Eye Consignment Shop, Palouse Arts dotcom, Palouse Pine Mercantile, Small Towne Quilts, Stampin' Up, St Elmo's Antiques, The Window Seat, and The Woodwright Shop.



Main Street Palouse Stores

3.5 Economic Development Resources

There are a number of organizations that could potentially partner with the City on redevelopment of the Palouse Producers property. The following section briefly describes these organizations, their focus, and resources they could potentially bring to the project.

Southeastern Washington Economic Development Agency (formerly the PEDC)

The Southeastern Washington Economic Development Agency (SEWEDA) is the regional economic development and transportation planning organization for the counties of Whitman, Asotin, Columbia, and Garfield. SEWEDA has a decentralized structure, with managing directors in each of the four counties. The Whitman County managing director position is partially funded by the Port, which has been designated the authorized development organization for Whitman County. The mission of SEWEDA is to promote economic development and job creation. SEWEDA does not provide funding for projects, but is a resource for information on business recruitment, retention, and expansion. SEWEDA's activities appear to focus on the large cities of Pullman and Colfax, which benefit the City of Palouse indirectly but which are likely to be of limited value in marketing and redeveloping the Palouse Producers property.

Port of Whitman County

The Port has the ability to invest in economic development across the county under its authorities both as a public port and as the authorized development organization for Whitman County. The Port presents a potential development partner for the City on future use of the Palouse Producers property. The Port has access to funds through countywide tax assessment, lease revenues, and grants that can be applied to economic development projects. The Port's investments appear to be focused on shipment of agricultural commodities via rail and river, industrial and technology business parks, and telecommunications infrastructure. A partnership with the City on the Palouse Producers site would be a step for this organization beyond its typical location and types of investments. Because of its

resources, the Port is a potentially strong partner for the City on this project, but it is unclear at this point whether the Port views the brownfield site as a priority investment opportunity for its organization. According to Port staff, they prioritize investment in projects related to job creation, railroad transportation, on-water recreation, transportation, and/or infrastructure. The City is more likely to engage the Port as a partner in redevelopment of the Palouse Producers site if the project aligns with those priorities.

The Port currently manages three industrial parks on the Snake River and two inland industrial parks in Pullman and Colfax. The Pullman Industrial Park provides building space to technology and research and development companies, including Schweitzer Engineering Laboratories, the second largest employer in Whitman County. The Industrial Park is approximately 100 acres and is fully developed with infrastructure. Approximately 24 acres are currently available for lease or purchase. The Pullman Industrial Park is designated an Innovation Partnership Zone by the state. Designated Innovation Partnership Zones are eligible for special funding and tax incentives to promote research institutions, workforce training, and globally competitive companies. The Innovation Zone designation was supported by state funding for an approximately 30-acre expansion to form Pullman Industrial Park West. The plan is for the expansion to be developed with infrastructure, annexed into the City of Pullman, and rezoned for industrial use in four to eight years.

The Port also operates the Business Air Center outside Colfax, which includes a small general aviation airport and industrial park of approximately 20 acres that is served by infrastructure and has lots available for sale.

The Port is currently developing plans to lay fiber-optic line between Pullman and Spokane to provide high-speed data transmission. Installation of the fiber-optic line is planned along the right of way of the Palouse River and Coulee City Railroad line that passes through Palouse, Garfield, Oakesdale, and Rosalia. This infrastructure investment is estimated to cost from \$8 to \$21 million. While the community is currently served by a wireless network, the availability of a high-speed fiber-optic connection in Palouse will be an important factor in developing and recruiting businesses because of the extensive and growing need for businesses related to information technology and internet sales.

Whitman County

The City of Palouse and Whitman County have a strong history of collaborating on infrastructure and public service projects. Whitman County has stated a general willingness to assist the City in redevelopment of the Palouse Producers property. This support could potentially come through several channels, including labor and equipment of Whitman County public works department or funding through the Sales and Use Tax for Public Facilities (09 funding). The 09 funding is a tax sharing program in which rural counties can obtain 0.09 percent of state sales and use taxes collected in the jurisdiction to finance public facilities for economic development purposes (RCW 82.14.370 and Whitman County Code Chapter 3.25).

Latah Economic Development Council

The Latah Economic Development Council is an organization similar to SEWEDA with a service area in Latah County. The Latah Economic Development Council has partnered with the City of Moscow and the University of Idaho to establish the Alturas Technology Park. Alturas provides shovel-ready lots with state-of-the-art telecommunication infrastructure and close connections to the University of Idaho and Washington State University to promote technology-based businesses.

Pullman Chamber of Commerce

The Pullman Chamber of Commerce focuses on promoting businesses in Pullman and the surrounding areas. The City is a member of the Pullman Chamber of Commerce. Since Pullman provides employment for a large portion of the City's population and consumers who support the downtown businesses, the economic fortunes of Palouse are closely tied to Pullman. The Pullman Chamber can be an important partner in regional marketing and tourism efforts for the City, but is not likely to provide significant resources directly to redevelopment of the Palouse Producers property.

Palouse Chamber of Commerce

The local business community in the City runs a very active chamber of commerce. The large majority of local businesses participate in the chamber. The organization is run entirely by volunteers, and they have accomplished a great deal with limited resources. The chamber organizes community events to draw tourists and activity to the town throughout the year, including the hot rod show, the bluegrass festival, and the Haunted Palouse Halloween event. These events have been very successful in drawing visitors to Palouse: for example, over 3,000 people regularly attend Haunted Palouse. The events both raise money for local causes and promote Palouse as a local and regional tourism and recreation attraction. The chamber acts as a center for business-to-business marketing activity where local shops promote each other's goods. The chamber has produced a map of the community, with information on local businesses that is distributed to customers. The Chamber of Commerce has also begun initiatives to pool resources and jointly market Palouse businesses. For example, through the chamber, a number of businesses shared advertising targeting parents visiting Washington State University on Mother's Day weekend. According to local business owners, this advertising effort attracted a number of visitors from WSU on a weekend when business has historically been slow.

The Chamber of Commerce has demonstrated great capacity and creativity. The efforts of the Palouse Chamber of Commerce, of all the economic development organizations in the region, are the most highly focused on the City.

3.6 Key Findings

- **Demographics**—The regional demographic pattern is similar to the state's pattern; slower population growth, increased per capita income and educational attainment, and decreased unemployment. Palouse, however, is experiencing a slightly different pattern, with increased population, income, and educational growth, while also having an increase in unemployment. Palouse's labor force is small and the increased unemployment rate is potentially a temporary anomaly. However, this may also suggest a transitional trend of an affluent population spillover, resulting in new housing developments, from the neighboring markets of Pullman, Moscow, and Colfax, while unemployment continues to persist concurrently among separate labor sectors.
- **Regional Economy**—The region's economy is sustained by the activities of Moscow and Pullman, with a strong technology sector relative to the larger industrial manufacturing sectors. Accommodation, entertainment, and retail sectors that support tourism and recreation or craft and cottage industries were identified in this assessment and appear to have growth potential in the region.
- **Palouse Economy**—Palouse has a strong identity and unique sense of place, but is closely tied economically to the university towns. The city's retail operations serve market niches that include arts, crafts, and antiques and collectibles. Palouse is developing a reputation and brand in this area of retail. High-volume retail companies with large customer trade areas, such as hardware stores and pharmacies, would find it difficult to locate outside of the

population centers of Pullman and Moscow. Comparing local accommodations with the region and considering Hovee's (2009) recommendations, there appears to be further market potential for the retail sector and/or boutique hotel industry.

- Tourism and Recreation—These assets are an intrinsic part of the region's cultural identity and overall "sense of place," but also provide collective leveraging for potential economic development opportunities associated with recreation and niche retail markets. The Palouse community's interest in retail and/or a boutique hotel for the Palouse Producer's site and Hovee's (2009) observation of substantial sales leakage in the region suggest considerable opportunity in business sectors that support accommodations, restaurants, recreation retail, and niche craft industries.
- Economic Development Resources—There are a number of potential partnerships with local and regional economic development agencies that the City could develop to bring resources to redevelopment of the Palouse Producers property. The key to establishing these partnerships will be identifying how the project aligns with the goals and objectives of these organizations. It will be important for the City to continue to build on its partnership with Ecology to support the cleanup actions that will be required to support future use of the property.

4.1 Regulatory Overview

Redevelopment of the Palouse Producers property must conform with the land use policies and regulations of the City as well as state and federal regulations related to floodplains and natural resources. This report discusses the major areas of land use regulation applicable to the Palouse Producers site: land use designations, floodplain and shoreline regulations, natural resources, and other environmental regulations. The pertinent local, state and federal policies and regulations pertaining to each of these areas are described below.

The City regulates land use within its boundaries through a system of plans and ordinances. The City Comprehensive Plan provides overarching policy guidance for development. The zoning ordinance implements the land use policies of the Comprehensive Plan by designating areas for different types of development and defining the character of that development. Building codes and floodplain plans and regulations have been adopted to protect public health and safety and property. Protection of natural resources is coordinated through the City's Critical Areas Ordinance and the City's Shoreline Master Program (SMP) and Shoreline Management Act Policy Statement.

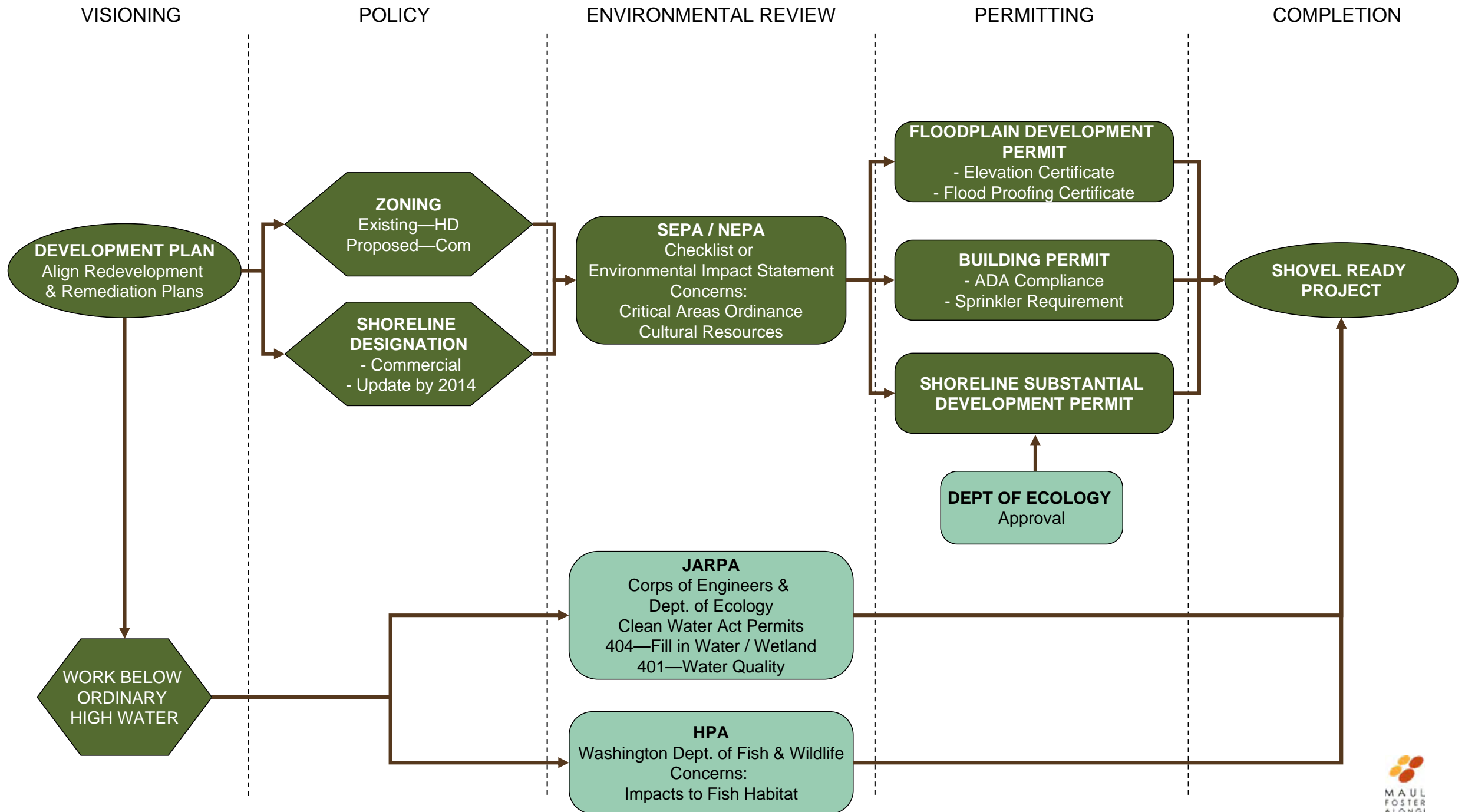
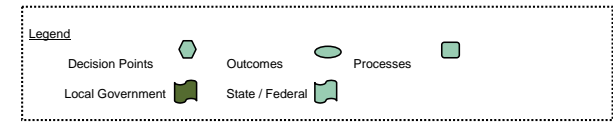
Land use development activities that involve wetlands, the North Fork Palouse River, and its floodplain require permitting through various state and federal agencies. The land use permitting process may also involve environmental review under SEPA and the National Environmental Policy Act (NEPA).

4.2 Permitting Process

The set of land use policies, laws, and regulations are all components of the entitlement and permitting process that must be completed before any site preparation work or construction. This process is outlined in Figure 4-1. The following sections describe the components of that process in more detail.



Figure 4-1 REDEVELOPMENT PERMITTING PROCESS



4.3 Land Use Designations

4.3.1 Comprehensive Plan

The current Comprehensive Plan for the City was adopted in 1997 and provides an overarching framework to coordinate future development. Cleanup and redevelopment of the Palouse Producers site is consistent with the goals and objectives of the City's Comprehensive Plan.

The vision for the City in the Comprehensive Plan states:

Palouse will be open, accepting, and family-oriented, with a small-town atmosphere and an attractive, economically vital, and inviting business district. We will be supportive of our locally owned businesses, and our downtown will be the social, civic and commercial center of our community. Palouse will be clean, quiet and safe; and we will take pride in our historic character, our traditional neighborhoods, and our outstanding schools. Palouse will offer abundant recreational opportunities, including a river with greenbelts, walking paths, wildlife habitat and parks.

This vision is implemented through the goals and objectives listed in the Comprehensive Plan. Several of these directly support the cleanup and redevelopment of the Palouse Producers site. For example, redevelopment of the site is consistent with the economic goal "to improve the economic vitality of Palouse" and complies with the supporting objectives/policies contained in the plan.

Redevelopment of the Palouse Producers property also conforms with the land use goal "to provide a variety of land use opportunities while protecting properties from conflicting or incompatible uses; and to locate uses in a way that will maximize valuable assets such as the river, parks and open spaces, prime agricultural lands, and our traditional small-town atmosphere." Redevelopment also aligns with the land use objectives/policies contained in the plan.

The current industrial use of the site conflicts with adjacent commercial uses and its state of maintenance detracts from the appearance of downtown. Redevelopment of the property has the potential to resolve those conflicts, improve access to the river, and improve the appearance of the City.

Improving public access to the Palouse riverfront is also consistent with the public works objective to "build and maintain walking trails near the river."

The City's current Comprehensive Plan is being updated. The update of the Comprehensive Plan is in draft form and has been going through the public review process; it is expected to be completed by early 2010. Once the updated Comprehensive Plan is adopted, the goals, policies, implementation strategies, and land use designation map will be applicable to the Palouse Producers site. Since it is expected that the updated plan will be adopted before redevelopment of the site, the goals, objectives, and policies contained in the plan have been reviewed.

The economics section of the Comprehensive Plan contains the following goals and objectives applicable to the site:

Goal: To improve the economic vitality of Palouse.

Objectives:

Objective 1. Promote an improvement in employment and business opportunities in Palouse through:

- Supporting existing business and the creation or location of new businesses in Palouse.
- Rekindling downtown as a main community hub.
- Networking with other communities in Whitman County and Latah County to support their efforts in community development.
- Participating in regional networking efforts to develop and promote small businesses in the area, such as has been done in regions that promote art and craft tourism.

Objective 2. Further encourage downtown property owners and businesses to improve the appearance of buildings in the commercial areas, maintaining and improving the existing historic character.

Objective 3. Eliminate or minimize the visibility of junk, litter, and unsightly accumulations of parts and equipment.

Objective 4. Encourage an increase in availability of ready-for-business locations.

The transportation element of the plan also contains the following objectives/policies and implementation strategies:

Objective 3. Encourage construction (both public and private) of pathways to link residential, commercial, and recreational areas, including parks and natural areas.

Objective 7. Encourage landscaping and tree planting along appropriate streets, sidewalks, and in parking areas, including along entrance corridors.

Implementation 4. Increase pedestrian pathways by improving the amount of green space available in town.

4.3.2 Zoning Ordinance

The City's zoning ordinance has designated four types of use districts: High Density (HD), Low Density (LD), Unclassified, and Agricultural. The HD district is generally intended for commercial and industrial uses. The purpose of the LD district is to provide areas suitable for residential uses. The Unclassified District provides maximum flexibility with all uses permitted except those considered a nuisance or a danger to public health. The provisions for the zoning districts are contained in Chapter 17 of the Palouse Municipal Code (PMC).

The Palouse Producers site is located in the HD district. The purpose and intent of this district is to allow maximum flexibility and diversity of uses in order to improve economic vitality and serve the needs of surrounding residents. Permitted uses in this zone include retail, service and professional businesses, restaurants, hotels, light industry, and warehousing/distribution.

The following design standards apply in the HD district.

Factor	Standard
Setback	Non-residential: None required except on corner lot where a hazard may be created. Residential: 20' front and back, 5' on side or 15' on a corner.
Height limit	35' or two stories
Bulk requirement	Residential: Maximum lot coverage of 48%
Off-street parking (within 800 feet of structure)	Commercial: 1 space / 300 sq. ft. of retail floor area. Industrial: 1 space / 3 employees Hotels: 1 space / sleeping unit
Loading and Unloading	Commercial or industrial: Minimum space 15' x 30' x 15' space required with alley access, or if no alley adjoining, then with access to street.

Along with the Comprehensive Plan, the City is in the process of revising zoning ordinance and land use zoning designations. The proposed zoning will include more designations, and the Palouse Producers property is designated for commercial use in the current draft of the proposed zoning map. The proposed zoning map eliminates the unclassified designation and adds an open space designation and a historic district overlay to some areas designated as commercial in the downtown area. The proposed zoning map also identifies different land use districts for commercial (Com) and light industrial (LI) uses that are currently both allowed uses in the HD zone.

4.3.2.1 City Floodplain and Shoreline Regulations

Areas of downtown Palouse are designated on federal flood insurance rate maps (FIRMs) as areas of special flood hazards (See Figure 4-2). In the wake of the 1996 floods, a number of local and county plans and ordinances were adopted to protect public health and property from flood damage and to maintain funding and subsidized insurance rates from the Federal Emergency Management Agency (FEMA). In addition to these local regulations on development in the floodplain, there are state and federal requirements along with private financing and insurance considerations.

Floodplain Construction and Use Regulations (PMC Chapter 15.36)



These floodplain regulations require permit review and construction standards to minimize potential property damage and to protect human health and safety. This ordinance was adopted in 2001 and applies to all areas identified as special flood hazard areas. These areas are identified by FEMA in a report titled “The Flood Insurance Study for City of Palouse” and accompanying FIRM. These areas are:



Source: Aerial photograph (2007) obtained from City of Palouse; floodplain data obtained from FEMA

DRAFT **Figure 4-2**
Floodplain Map
City of Palouse
Palouse, Washington

Legend

-  100-Year Floodplain
-  500-Year Floodplain
-  Site Boundary

Floodway—the channel of a river and the adjacent land areas that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than 1 foot.

Area of special flood hazard—includes the floodway and the land in the floodplain subject to a 1 percent or greater chance of flooding in any given year (100-year floodplain). This area is designated on FIRMs with the letters A or V.

A floodplain construction permit is required for development in these areas, including fill and other activities, and is administered by the City building inspector.

Since the floodway is an especially hazardous area, the regulations prohibit encroachments, including fill, new construction, substantial improvements, or other development, unless a registered professional engineer or architect can demonstrate that the encroachments shall not result in any increase in flood levels during the occurrence of the 100-year flood. Construction or substantial improvement of residential structures is prohibited in designated floodways.

In the area of special flood hazard, new residential construction and substantial improvement of existing residential structures are required to have the lowest floor elevated a minimum of 1 foot above the base flood elevation. New nonresidential construction and substantial improvements to existing nonresidential buildings are required to be certified as flood-proofed and/or elevated a minimum of 1 foot above the 100-year flood elevation.

Palouse Flood Mitigation Plan

The Flood Mitigation Plan was adopted in October 1997, following a year of community meetings and technical analysis after a significant flooding event in 1996. The plan was prepared as a “flood management plan” under the Community Rating System of the National Flood Insurance Program (NFIP) to qualify the City for reduced insurance rates.

The Flood Mitigation Plan provides an assessment of the flood history of the City, an inventory of flood prone areas, and goals and action items for managing flood risk.

Critical Areas Ordinance (PMC 17.26.080)

As required by the Washington State Growth Management Act (RCW 36.70A), the City has adopted a Critical Areas Ordinance that includes restrictions on development in the 100-year floodplain. The ordinance states that development in the floodplain shall comply with the Floodplain Construction and Use Regulations as outlined previously.

Shoreline Master Program and Shoreline Management Act Policy Statement

The City adopted a Shoreline Management Act Policy Statement and SMP in 1974 to comply with the Washington State Shoreline Management Act (RCW 90.58). The Shoreline Management Act establishes policy giving preference to uses that depend on proximity to the water, protect water quality and the environment, and preserve and enhance public access along shorelines. The jurisdiction of the SMP extends horizontally for 200 feet from the ordinary high water mark of the North Fork Palouse River. In the shoreline jurisdictional area, land is classified for different uses and policies are established to guide development. The City’s Shoreline Policy Statement classifies downtown Palouse, which includes the Palouse Producers property, as “commercial,” and the policy goal for this area states

“those activities necessary to the maintenance and improvement of the business area should be permitted.” The City also adopted the SMP prepared by the Whitman County Regional Planning Council, which defines a different set of shoreline classifications but does not include a map or narrative description of how those classes apply to the City.

With exemptions for single-family residences, some maintenance and repair, and small accessory uses, most development within the shoreline jurisdiction requires a shoreline substantial development permit that is issued by the City and approved by Ecology. An application is submitted to the City for the substantial development permit, conditional use, or variance. A 30-day public comment period and public hearing are required. After the public comment period, the City may either issue the permit or deny the application. The application and decision are sent to Ecology for a 21-day appeal period. In some cases, a shoreline conditional use permit is required for a particular use. In such cases, the City makes a recommendation for approval or denial of the application via a public hearing process, and Ecology is the final permitting authority.

Ecology updated the guidelines for local government SMPs in 2003. The City is required to update and amend its SMP to comply with the new guidelines by 2014. The new guidelines contain standards for conducting inventory and analysis of shoreline areas, determining environmental designations, analysis of cumulative impacts, development of a restoration plan, amendments to permit provisions, and modifications to policies and regulations.

Building Code (PMC 15.04)

The City has adopted the International Building Code, which guides the requirements for construction activities in the City. Provisions in the building code in conjunction with the FEMA mapping regulate development within the 100-year floodplain. These requirements include flood-proofing and building one foot above the base flood elevation. Residential uses must be elevated above the based flood.

For the use of existing buildings, the code provides that if the building has been used for previous applications or is proposing a residential use in a two-story structure, then it is allowed with minimal ADA requirements. If it is a new structure or other new proposed use, then full ADA compliance is required, including fire sprinklers and elevator access.

4.3.2.2 National Flood Insurance Program

The NFIP makes federally backed flood insurance available to homeowners, renters, and business owners in communities participating in the program. FEMA has prepared a Flood Insurance Study for this region that presents water surface elevations for floods of various magnitudes, including the flood that has a 1 percent probability of being equaled or exceeded in any given year (also called the 100-year flood or base flood) and the flood that has a 0.2 percent probability of being equaled or exceeded in any given year (also called the 500-year flood). The water surface elevation of the 100-year flood event is called the base flood elevation. Base flood elevations and the boundaries of the 100- and 500-year floodplains are shown on FIRMs.

4.3.3 Environmental Review

4.3.3.1 Critical Areas Ordinance

As required by the Washington State Growth Management Act, the City adopted a Critical Areas Ordinance (PMC Chapter 17.26) to designate, classify and protect the functions and values of wetlands, frequently flooded areas, geologically hazardous areas, aquifer recharge areas, and critical wildlife habitat. The ordinance is implemented through an overlay zone that includes areas potentially associated with designated critical areas. Additional review of development proposals is required for projects in the overlay zone. The review generally requires review by a qualified professional to verify the presence of the critical area. If a critical area is confirmed on the site, different requirements are established based on the critical area, including the preparation of a habitat management plan; buffer setbacks; compliance with floodplain regulations; and mitigation. Potential impacts to critical areas are to be avoided or minimized and outlined in a plan to be implemented to compensate for any unavoidable impacts.

Based on a preliminary analysis of the Palouse Critical Areas Overlay map, the Palouse Producers property appears to be within the following designated critical areas: frequently flooded area, critical wildlife habitat area, and aquifer protection area. The frequently flooded designation requires that development comply with the City's Floodplain Construction and Use Regulations described previously. The critical wildlife habitat designation triggers a requirement to provide a habitat management plan along with an application for development on the property. The habitat management plan would include the following elements:

- Description of existing plant community and habitat conditions
- Identification of any wildlife species of concern in the project area
- Discussion of special management recommendations developed by federal, state, or local agencies for species or habitats in the project area
- Potential habitat impacts of the proposed project and measures to avoid, minimize, and mitigate those impacts and protect and restore the habitat
- Management recommendations to protect habitat on the project site

Critical habitat areas may be altered, but only if it is determined that the management plan and mitigation efforts maintain the functions and values of the habitat.

The City provides drinking water from wells and has designated an aquifer protection area around the wellhead to prevent contamination of the water supply. To comply with the critical areas ordinance, redevelopment of the Palouse Producers property would be required to identify any hazardous substances that will be used on the property, draft a spill prevention and emergency response plan, implement best management practices to prevent potential contamination, and limit the amount of impervious surface on the property.

The property may also contain regulatory wetlands along the edge of the North Fork Palouse River. An assessment of the Palouse Producers property by a qualified professional may be necessary to determine the presence of wetlands. If these are present, the boundary of wetlands must be delineated and the function of the wetland must be assessed. The restrictions on development near wetlands vary, depending on the quality of the wetland. For the highest-quality wetlands a

buffer of up to 250 feet may be required, and for the lowest-quality wetlands that buffer may be up to 50 feet. The Critical Areas Ordinance allows for a reduction of buffer width up to 50 percent with demonstration that it will still protect the resource. Allowed uses within the buffer include passive recreation and stormwater management facilities. The Palouse Producers property is only approximately 150 feet deep from the sidewalk to the river, so even a 25-foot-wide wetland buffer would represent an important constraint on development of the property.

Development in wetlands may also require permit approval from Ecology and the COE as described in the next section.

4.3.3.2 Federal and State Water Resource Laws

In addition to the local Critical Areas Ordinance, wetlands and streams are protected by a set of federal and state laws. The federal Clean Water Act prohibits dredging or placement of fill in waterways, including some wetlands, without a permit. The COE is the authority that grants the dredge and fill permit, sometimes called a Section 404 permit, in reference to the Clean Water Act. Additionally, Section 401 of the Clean Water Act requires Ecology to certify that the proposed activity will not violate water quality standards. Once this is confirmed, Ecology issues a Water Quality Certification. The COE will not issue a 404 permit until the Water Quality Certification is issued. The certification may require project proponents to incorporate protective measures, such as erosion control, treatment of stormwater runoff, spill protection, and fish and wildlife protection, into their construction and operational plans.

It is important to note that the jurisdictions of the federal and state laws differ. COE may not have jurisdiction over small wetlands that are isolated from larger waterways.

Wetland regulation is structured around the policy of no net loss. This means that unavoidable impacts to wetlands must be replaced through compensatory wetland mitigation. In wetlands regulations, mitigation is a process (PMC 17.26.050 and 33 CFR 320). Permit applicants must demonstrate that they have evaluated methods to avoid impacts to wetlands. If there are unavoidable impacts, then methods must be explored to minimize the impacts. Only after those two steps have been completed is the process of replacing or restoring wetlands considered. A ratio of mitigation acreage to impacted acreage is employed to compensate for temporal loss of function and the difficulty of actually restoring a wetland. This ratio is not prescribed in regulations, but is developed on a project-specific basis, and changes depending on the type of mitigation conducted and the quality of the impacted wetlands.

A Hydraulic Project Approval (HPA) is required from the WDFW for projects that alter the natural flow or bed of waters of the state. The purpose of the HPA process is to minimize or mitigate impacts to fish and fish habitat. An HPA may be issued with conditions such as timing of in-water work or technical standards for bank protection. An HPA would be required for projects that involve in-water work in the North Fork Palouse River.

There is one Joint Aquatic Resource Permit Application (JARPA) for the state and federal wetland and waterway permits. A project proponent submits the same application to each of the agencies and permits are required from both agencies before work can begin.

4.3.3.3 SEPA and NEPA

Under the provisions of SEPA, a comprehensive review of the potential environmental impacts of a project must be conducted before a state or local agency makes a decision (RCW 43.21C). Issuance of a federal permit or receipt of federal funds triggers a similar federal process through NEPA. In both SEPA and NEPA review, the scale and complexity of a project are directly related to the level of detail of analysis. For a small-scale project, an environmental checklist may satisfy compliance, but for larger projects a full Environmental Impact Statement may be required. Revisions to SEPA include provisions for integrating cleanup activities under MTCA to streamline SEPA review (WAC 197-11-250 to 268). These environmental permits are processed in conjunction with other land use permits that are required for the project.

4.4 Key Findings

- As the City updates the zoning code, the designation for the Palouse Producers property should provide both flexibility to allow future use to adapt to changes in the market and predictability to ensure that redevelopment is compatible with the downtown area and meets community needs.
- Floodplain regulations and the building code require measures that will increase the costs of constructing buildings on the Palouse Producers site. These additional costs will be related to flood-proofing, ADA access, and sprinkler systems.
- Several mapped critical areas occur on the Palouse Producers property. Field assessment by a qualified professional will be required to determine the presence of critical areas and the potential constraints on development of the property.
- Off-street parking requirements will potentially limit the scale and type of future development of the property.

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6 LIMITATIONS

The services undertaken in completing this report were performed consistent with generally accepted professional consulting principles and practices. No other warranty, express or implied, is made. These services were performed consistent with our agreement with our client. This report is solely for the use and information of our client unless otherwise noted. Any reliance on this report by a third party is at such party's sole risk.

Opinions and recommendations contained in this report apply to conditions existing when services were performed and are intended only for the client, purposes, locations, time frames, and project parameters indicated. We are not responsible for the impacts of any changes in environmental standards, practices, or regulations subsequent to performance of services. We do not warrant the accuracy of information supplied by others, or the use of segregated portions of this report.