

*City of Issaquah/Costco Wholesale
Corporation
Development Agreement*



April 13, 2015

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**CITY OF ISSAQUAH/COSTCO WHOLESALE CORPORATION
DEVELOPMENT AGREEMENT**

THIS AGREEMENT is entered into this 13th day of April 2015 (the “**Effective Date**”) by and between Costco Wholesale Corporation (“**Costco**”) and the City of Issaquah, a Washington municipal corporation (“**City**”). Costco and the City are each a “**Party**” and collectively the “**Parties**” to this Agreement.

RECITALS

A. The City is a noncharter Optional Municipal Code city incorporated under the laws of the State of Washington. The City has authority to enact laws and enter into agreements to promote the health, safety and welfare of its citizens and thereby to control the use and development of the Costco Property (as hereafter defined) and specify zoning and land use regulatory controls, including the Central Issaquah Development and Design Standards (“**CIDDS**”) for areas within the City.

B. The City has the authority to enter into development agreements with those who own or control property within its jurisdiction, pursuant to the “**Development Agreement Statute**”, RCW 36.70B.170 through 36.70B.210. This Agreement is intended to constitute a development agreement governed by the terms and conditions of the Development Agreement Statute. It is also entered into under the City’s general contracting authority and the City’s State Environmental Policy Act (“**SEPA**”) mitigation agreement authority.

C. Costco owns approximately 47 acres of real property in the City of Issaquah (“**Costco Property**”), which is located in Pickering Place and which was previously governed by the Pickering Place Master Plan (“**PPMP**” (MS 84-01)). For Costco, the PPMP was terminated by Resolution 2014-18; and, the Pickering Place CC&Rs were amended with the Third Amendment to allow development under the CIDDS and this Agreement. The Costco Property is legally described on **Exhibit A** and depicted on **Exhibit B**, both of which are attached hereto and incorporated herein by this reference. For purposes of this Agreement, the “**Properties**” shall be defined as any property described or depicted on **Exhibits A** and **B** and any properties within the Expansion Area, as illustrated on **Exhibit C** (“**Expansion Area**”).

D. Costco’s corporate home office (“**Home Office**”) is located on the Costco Property. Both the City and Costco find it desirable to enter into this Agreement to plan for the orderly development and expansion of Costco’s Home Office that is consistent with the Central Issaquah Plan (“**CIP**”) and associated enabling development regulations (the CIDDS), and the Issaquah Municipal Code (“**IMC**”), particularly IMC Ch. 18.19A.

E. Costco proposes construction of up to an additional 1,500,000 square feet of development on the Properties, phased over the next thirty (30) years, as desired by Costco (“**Future Development**”). A site plan depicting the proposed buildout of the Future Development is attached as **Exhibit D** (“**Land Plan**”).

F. The City and Costco agree that Costco’s presence in the community provides economic and community benefit to the City and its residents. The public benefits of entering

into this Agreement for the Home Office and Future Development include, but are not limited to, Costco's participation in construction of roads and other public infrastructure, increased property taxes, and creation of non-service employment opportunities for the City of Issaquah.

G. The Parties intend that neither shall unreasonably withhold requests for information, approvals or consents provided for in this Agreement. The Parties intend that they shall take further actions and execute further documents, either jointly or within their respective powers and authority, necessary or appropriate to implement the intent of this Agreement. The Parties intend to work cooperatively to achieve the mutual goals of this Agreement, subject to the City's and Costco's independent exercise of judgment.

H. The PPMP that previously governed development in Pickering Place was enacted in 1987. As evidenced by the CIP and newly adopted Urban Core ("UC") CIDDS, the City's vision for this area has changed considerably in the 27 years since the creation of the PPMP. Both the City and Costco recognize the benefits that will derive from long-term facilities planning, movement toward the standards and vision contained in the CIP, and coordinated development of the Costco Property.

I. The Parties recognize that the land use controls adopted to implement the CIP are broad and apply to approximately 840 developable acres. The Parties agree that interpretation of some CIDDS is appropriate for the continued development of the properties subject to this Agreement, consistent with the intent of the CIP.

The mutual goals that will be achieved through implementation of this Agreement include:

1. Facilitating Growth of the City's Employment Base: The Agreement allows the Parties to provide greater certainty for the continued presence of the Costco Home Office and expansion of employment opportunities associated with it;
2. Continuity: The Agreement provides an opportunity for a public/private partnership that allows the City to develop an identifiable neighborhood that is consistent with the CIP;
3. Resource Efficiency: The Agreement will maximize the effectiveness of public and private planning and financial resources and will further certainty and predictability;
4. Quality Development: The Agreement will allow the City and Costco to expand the existing Home Office and add additional quality development that implements the policies of the CIP;
5. Reduce Uncertainty: The Agreement will reduce the risk to Costco due to the changes in development regulations and processes and reduce uncertainty for the City as the Agreement contains a unified development vision as well as providing that this Agreement will run through 2045;

6. **Costco and City Relationship:** The Agreement allows Costco and the City to establish a mutually supportive relationship that enables them to work directly with one another to implement this Agreement; and,

7. **Implement the CIP and CIDDS:** The Agreement allows the Properties to be developed consistent with the CIP and CIDDS, as set forth in this Agreement.

J. The Parties intend that this Agreement identify and address all known significant regulatory fees and mitigation that will be required for Costco to construct the Future Development contemplated herein. Nothing in this Agreement is intended to limit Costco's ability to propose additional development beyond the Future Development addressed in this Agreement, on either Costco's Property or any property that it may subsequently lease or acquire; provided that such additional development shall be consistent with the then-applicable City municipal code, land use regulations and comprehensive plan.

K. This Agreement is based upon the City's police power, contracting power and other authority, including the Development Agreement Statute and general law.

L. All Recitals and Exhibits (A thru K) referenced in this Agreement are hereby incorporated by reference and shall be considered as material terms of this Agreement. A definition of terms used in this Agreement is attached as **Exhibit E**.

NOW THEREFORE, in consideration of the mutual benefits and agreements contained herein, as well as other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

1. **Approval of Future Development.** Costco shall have the right to develop the Properties with up to 1,500,000 square feet of additional office development as defined in the CIDDS. Allowable square footage shall be calculated based upon "**Gross Floor Area**" as defined in the CIDDS. Any additional development on the Properties beyond 1,500,000 square feet shall require a Council Amendment to this Agreement as described in Paragraph 26 (*Amendment of Agreement*) or shall be developed outside this Agreement and be consistent with the City's then-applicable regulations. At its sole discretion, Costco may allocate a portion of the Future Development square footage, up to a maximum of 250,000 square feet, (i) to the expansion and/or redevelopment of the existing Costco warehouse store; and/or (ii) to the development, redevelopment, and/or expansion of other non-office, employment/service oriented uses (including retail) allowed in the underlying zone (UC or MU, see **Exhibit C**) on the Agreement Effective Date. Structured parking (separate or as part of a building and specifically including underground or underbuilding parking) may be constructed without counting against the allowed Future Development. Nothing in the foregoing is intended to limit Costco's ability to propose additional development beyond the Future Development addressed in this Agreement, on either the Costco Property or any property that it may subsequently lease or acquire; provided that such additional development shall be consistent with the then-applicable City municipal code, land use regulations and comprehensive plan.

a. Floor Area Ratio (FAR). See **Exhibit J** (Interpretations and Adjustments); see also **Exhibit F**.

b. Satisfaction of Bonus Building Height and Density Fees. The CIDDS bonus building height and density provisions (collectively “**Density Bonus Program**”) include an offsetting public benefit requirement (“**Required Public Benefit**”). As outlined in **Exhibit G** and this Paragraph, the Required Public Benefit set forth herein fully satisfies the Required Public Benefit for the Future Development, regardless of how it is ultimately configured. The Future Development may be constructed up to (i) a maximum height of 125 feet in the UC zone and 85 feet in the MU zone and (ii) a maximum FAR of 5 in the UC zone and a maximum FAR of 3.5 in the MU zone. Costco may use the height and density bonuses authorized by this Paragraph on any portion of the Properties and in any phase, phases, or locations on the Properties. During the term of this Agreement, existing or future parking structures or garages on the Properties shall not be subject to Density Bonus Program Required Public Benefit requirements. Per CIDDS, Density Bonus Program Required Public Benefit consists of a Mandatory Component and an Elective Component. Costco’s Mandatory Component (i.e. the payment to the City of \$1.25 million - see **Exhibit G**) shall be due in full prior to the City’s issuance of the Final Certificate of Occupancy for the first structure that triggers the need for Density Bonus. The Elective Component of Costco’s Density Bonus Program Required Public Benefit is satisfied in full, at no additional cost to Costco, other than through (i) Costco’s execution of the MTFAs (**Exhibit H**), as a portion of Costco’s MTFAs Funding Obligation will be used by the City to acquire open space and Transferred Development Rights (“TDRs”) in conjunction with the implementation of the MTFAs and (ii) Costco’s donation of Parcel 2124069087 that will occur, upon request of the City, as part of MTFAs Approved Project 2, as described in **Exhibit H-1**. Costco’s right to construct Future Development, including any Future Development that triggers the Density Bonus Program Required Public Benefit thresholds, shall vest upon Costco’s execution of this Agreement, and shall not be affected by the timing of the City’s construction of the MTFAs Approved Projects including, but not limited to, any delay in the City’s construction of the MTFAs Approved Projects.

c. No Phasing Required. Any amount of the Future Development may be built on any parcel within the Properties so long as the total net new square feet of gross floor area for the Properties (i) does not exceed 1,500,000 square feet; and, (ii) is consistent with the CIDDS that exist at the time of adoption of this Agreement, as interpreted by this Agreement (see **Exhibit J**).

d. Sustainability. See **Exhibit K**.

2. Flexibility Implementation. This Agreement is intended to run for a period of thirty (30) years. The Parties recognize that neither Party is prescient enough to anticipate all of the potential changes in Costco’s business needs, construction techniques, or architectural design that may occur during that time period. The Parties agree that interpretations of, and adjustments to, the CIDDS are appropriate to address specific design and land use elements of the Future Development so long as the interpretation or adjustment results in a project that is consistent with the CIP and CIDDS. Therefore, through the adoption of this Agreement, Parties intend to create a development framework inside of which future City staff and Costco’s development team members shall have flexibility to respond to evolutions in workplace design and

development. Some of the City's CIDDs require interpretation and adjustment to ensure reasonable application to Costco's existing Home Office Campus and Future Development as depicted on the Land Plan (**Exhibit D**) while maintaining consistency with the CIP and CIDDs. The CIDDs Interpretations and Adjustment of Standards set forth in **Exhibit J** are the interpretations and adjustments that have been anticipated by the Parties at this time and are not intended to preclude future interpretations and adjustments in conjunction with specific development applications. See **Exhibit J** for project-specific interpretation and adjustments.

3. Confirmation of Consistency and Future CIDDs Interpretations. City approval of this Agreement evidences its consistency with the CIDDs and CIP. If a conflict arises between the terms of the CIDDs, CIP or IMC and this Agreement, the terms of this Agreement shall control. In addition, the Parties understand that further CIDDs interpretations and adjustments may be required to guide the buildout of the Future Development. To achieve this integration, in preparing and reviewing any application submitted under this Agreement, the Parties are directed to use the CIDDs Interpretation and Administrative Adjustment of Standards as necessary to provide flexibility in applying the CIDDs to accommodate Costco's proposed Future Development design while maintaining consistency with the CIP visions, goals and policies. (CIDDs Ch. 1, Paragraph D(1), and Paragraph E(1-4)).

4. Use of Future or Amended Development Standards. Should the City adopt new or amended CIDDs or other development standards applicable to the Future Development during the life of this Agreement, Costco shall have the option, but not the requirement, to incorporate the new CIDDs or development standards, at its sole discretion, so long as the election is consistent with the then-current CIP and this Agreement. Costco's election of such new development standards shall require confirmation by the Designated Official that the election is consistent with the then-current CIDDs, this Agreement, and the Land Plan (**Exhibit D**), as applied to the remaining un-built portion of Costco's Future Development. Costco's election of new or amended CIDDs or development standards may be made on a regulation-specific basis, provided that the Designated Official has the right to condition the request be tied to other CIDDs or development standards on which the request is dependent. The incorporation of new development standards will not affect Costco's vesting to all other existing CIDDs or Ch. RCW 36.70B development standards as set forth in Paragraph 19 (*Vested Rights*).

5. Removal of the Pickering Place Master Plan. Through the mechanism established in Resolution 2014-18 and Resolution 2015-03, the Parties eliminated all or a portion of the Properties from the provisions and limitations of the PPMP and replaced it with the City's recently-adopted CIDDs. The City will also permit other Pickering Place property owners to participate in the PPMP removal for their respective properties by meeting the terms of Resolutions 2014-18 and 2015-03. Prior to the City's removal of the PPMP under this Paragraph, Costco shall demonstrate to the City's satisfaction that the future use and maintenance of "**Shared Facilities**" within Pickering Place are adequately addressed through private covenants, conditions and restrictions ("**CC&Rs**") or other controls that will govern these Shared Facilities once the PPMP has been removed. The Third Amendment to the Amended and Restated Declaration of Covenants, Conditions and Restrictions applicable to Pickering Place dated as of March 30, 2015 ("**Third Amendment**") satisfies this Paragraph and the requirements of Resolution 2014-18 Exhibit B(3).

a. Without further action, the execution of this Agreement shall constitute the City's removal of the PPMP for the Costco Property and any Pickering Place Expansion Area properties subsequently brought under this Agreement pursuant to Paragraph 6 (*Properties within the Expansion Area*). The PPMP provisions shall be replaced and the Future Development shall be regulated by this Agreement and the applicable provisions of the City's CIDDs and CIP.

b. For non-Costco Pickering Place landowners, the City's approval of this Development Agreement and future Council action, if necessary, authorizes removal of the other requesting properties from the Pickering Place Master Site Plan. To be removed as part of the adoption of this Agreement, the City must be in receipt of a written request by the Pickering property owner so requesting as provided for in Resolution 2014-18 and Resolution 2015-03.

6. Properties within the Expansion Area. Costco may extend the provisions of this Agreement to parcels within the Expansion Area illustrated on **Exhibit C**. At Costco's election, and upon Costco's notification to the City, the benefits and burdens of this Agreement shall automatically extend to any parcel within the Expansion Area that Costco acquires or leases, or currently owns or leases, without further action of the Parties except for the recording of this Agreement as a covenant on the purchased or leased Expansion Area parcels; and, so long as Costco has not exceeded the incorporation of more than forty-five (45) acres of property from within the Expansion Area. There is no minimum FAR requirement for the Future Development, except that individual parcel development in the Expansion Area parcels will be built to meet the CIDDs minimum FAR of 0.55. Once Costco elects to bring an Expansion Area parcel under the terms of this Agreement, it shall be subject to this Agreement for the remaining term of this Agreement. The Parties acknowledge that Costco's election to build on certain parcels in the Expansion Area may trigger certain parcel-specific provisions of the CIDDs or CIP including, without limitation, Significant Community Spaces or the 12th Avenue overpass. To the extent these elements are identified and required by the CIDDs, Costco will comply with the applicable CIDDs provisions, subject to Costco's right to request CIDDs interpretations and adjustments.

7. Transportation SEPA Mitigation, Impact Fees and Concurrency. Costco's participation in traffic improvements identified on the Master Transportation Funding Agreement ("**MTFA**"), which is attached as **Exhibit H**, fully mitigates all SEPA, Traffic Impact Fee and Traffic Concurrency requirements for the Future Development. The MTFA is part of this Agreement and is approved pursuant to RCW 36.70B.170 through 36.70B.210. No additional traffic fees or traffic mitigation will be required to entitle the Future Development.

a. Non-Motorized Improvements. To mitigate the impacts of the Future Development on non-motorized transportation, Costco shall contribute \$150,000 for the City to use at its discretion for the improvements of trails and wayfinding for pedestrians and bicyclists either within Pickering Place or the Lake Sammamish State Park. Payment will be made in conjunction with issuance of the first construction payment for MTFA (**Exhibit H**) Approved Project 2—i.e. payment pursuant to an MTFA Construction Contract Document for the physical construction of Approved Project 2, not to include preconstruction payments or other soft costs. Any improvements within Pickering Place shall be subject to approval by the owners of property within Pickering Place, pursuant to the CC&Rs or any other existing approval rights.

8. Costco Concurrency Reservation. The City's transportation concurrency ordinance was adopted in accordance with a requirement of the Growth Management Act ("GMA") (RCW 36.70A.060(6)(b)). The GMA requires the City to determine that transportation facility improvements or strategies will be in place concurrently with land development. "Concurrent with the development" is defined by the GMA to mean that any necessary "improvements or strategies are in place at the time of development or that a financial commitment is in place to complete the improvements or strategies within six years." As detailed in the MTFAs (**Exhibit H**), Costco is partnering with the City to construct transportation improvements that are on the City's six-year Transportation Improvement Plan (TIP). The City agrees that no further concurrency review and/or mitigation of transportation impacts are required for the Future Development that is the subject of this Agreement. Within thirty (30) days of the Effective Date, the Designated Official shall issue a Certificate of Concurrency for Costco's Future Development, with an expiration date that is the same as the expiration date of this Agreement.

9. Non-Traffic Impact Fees. Costco is vested for the term of this Agreement to the impact types and amounts that are shown on **Exhibit I**. The fees listed in **Exhibit I** are determined and due upon issuance of Building Permit. Upon redevelopment during the term of this Agreement, fees will be calculated on the difference of square footage between the replaced structure and the proposed new structure. Structured parking (whether separate or as part of a building, and specifically including underground or underbuilding parking) may be constructed without counting against development or redevelopment square footage for purposes of non-traffic impact fee payments.

10. Future Property Valuation. To determine the special benefit to Costco's Property, including any parcels within the Expansion Area that Costco owns at that time, for any Local Improvement District (LID) or latecomer's agreement benefit analysis for any future improvements, the City shall, among other things, consider the development rights granted by this Agreement to construct the Future Development as part of its special benefit determination for Costco's property, consistent with the law and to the extent authorized and required by law.

11. Voluntary Early Termination or Reduction in Future Development. Under this Agreement, Costco acquires the right to develop the Future Development. At Costco's sole discretion, following written notice to the City and per the terms of this Paragraph, Costco shall have the right to waive its right to construct some or all of the remaining Future Development. In that case, the number of remaining vehicle trips ("**Unused Trips**") associated with the foregone development will be determined by calculating the amount of foregone development as a percentage of the Future Development and multiplying that number by the number of vehicle trips generated by the MTFAs traffic improvements that will be utilized by the full buildout of the Future Development, which is 1,828 pm/peak hour trips.

For example, if Costco decides to forego 500,000 sq. ft. of the Future Development, the trip calculation would be: $500,000 \text{ sq. ft.} / 1,500,000 \text{ sq. ft.} \times 1,828 \text{ PM peak hour trips} = .33 \times 1,828 = 603 \text{ PM peak hour trips}$.

Costco shall have the right to sell the Unused Trips to future developers within the City and the City agrees to allow said developers to offset the traffic impacts of their proposed developments on a 1:1 basis for each acquired Unused Trip. Costco's right to voluntarily terminate or reduce

its Future Development under this Paragraph shall commence on the tenth (10th) anniversary of the Effective Date of this Agreement. Costco shall provide the City with written notice of Costco's intent to sell some or all of its Unused Trips ("**Notice of Offer**"). The Notice of Offer shall state the offering price and other details of the proposed sale. Within thirty (30) days following the Notice of Offer, the City shall have the right to purchase the Unused Trips being made available consistent with the terms set forth in the Notice of Offer. If the City declines to purchase the Unused Trips under said terms within the specified time period, Costco shall be entitled to market and sell the Unused Trips to third parties without further obligation to the City. Costco shall, however, be required to provide notice of sale to the City following all transactions with third parties.

12. Stormwater Detention and Treatment.

a. General Standards. All stormwater facilities for the Future Development shall meet current City, state and federal regulations in effect at the time of application for the implementing Entitlement permit. Said compliance includes adherence to the terms of the then-current Western Washington Phase II NPDES Municipal Stormwater Permit issued by the Washington Department of Ecology ("WDOE") that is in effect at the time of application for the implementing Entitlement permit.

b. Use of Future Technologies. The Parties recognize that stormwater treatment science is evolving. Costco shall have the option, but not the requirement, to use any treatment options contained in current or future WDOE stormwater manuals and corresponding City of Issaquah stormwater technical manuals that are approved for general use by the City so long as the resulting use of technology would lead to stormwater treatment equivalent to, or better than, other authorized stormwater treatment technologies and so long as such technologies are consistent with federal and state law, including WDOE's Phase II permit, as it now exists or as may hereafter be amended.

13. Acknowledgement of Sufficient Stormwater Capacity. It is anticipated that Costco's stormwater will discharge off-site to the natural environment. The City acknowledges that it is not currently aware of constraints in the natural conveyance system. Provided that the City is not in the midst of an unforeseen and unavoidable stormwater management crisis that is out of the City's control, the Designated Official shall not withhold any Entitlement Process approvals for the Future Development, or any portion thereof, and Costco's discharge will be permitted into the natural environment in the appropriate location, consistent with City codes.

14. Acknowledgement of Sufficient Water Supply and Capacity to Serve Future Development.

a. First Ten (10) Years of the Agreement. The City has analyzed its existing and future water supply, capacity, and infrastructure. Based on its review for the next ten (10) years, the Designated Official acknowledges that there is sufficient water supply, capacity, and infrastructure to serve the Future Development, other than what Costco will have to construct on-site to address Costco's development needs. During this ten-year period, provided that the City is not in the midst of an unforeseen and unavoidable water supply crisis that is out of the City's control, the City shall not withhold any Entitlement Process approvals for the Future

Development, or any portion thereof, on account of insufficient water supply, capacity, or infrastructure, unless the Parties have agreed that a delay is reasonable.

b. Remaining Term of the Agreement. Beyond ten (10) years from the Effective Date of this Agreement, the Designated Official shall not withhold any Entitlement Process approvals for the Future Development, or any portion thereof, on account of insufficient water supply, capacity, or infrastructure, provided that Costco has provided the City with notice at least two (2) years in advance of building occupancy. Application for a City land use permit or application for a building permit represent ways that this notice shall automatically occur. Should Costco provide less than two years notice, the City shall take reasonable measures to expeditiously address any water supply or capacity issues to minimize any delay to the construction and occupancy of Costco's Future Development, but in no case, aside from delays due to Force Majeure as specified Paragraph 35 (*Delays*), shall the City take more than two (2) years from the date of notice from Costco to make repairs or improvements needed for the Future Development.

15. Sufficient Sanitary Sewer.

a. First Ten (10) Years of the Agreement. The City has analyzed its existing and future sanitary sewer capacity and infrastructure. Based on its review for the next ten (10) years, the Designated Official acknowledges that there is sufficient local sanitary sewer capacity and City infrastructure in place and planned to serve the Future Development. Provided that the City is not in the midst of an unforeseen and unavoidable sanitary sewer capacity crisis which is out of the City's control, the Designated Official shall not withhold any Entitlement for the Future Development, or any portion thereof, on account of insufficient sanitary sewer capacity or infrastructure, unless the Parties have agreed that a delay is reasonable.

b. Remaining Term of The Agreement. Beyond ten (10) years from the Effective Date of this Agreement, the Designated Official shall not withhold any Entitlement Process approvals for the Future Development, or any portion thereof, on account of insufficient sanitary sewer capacity, or infrastructure, provided that Costco has provided the City with notice at least two (2) years in advance of building occupancy. Application for a City land use permit or application for a building permit represent ways that this notice shall automatically occur. Should Costco provide less than two years notice, the City shall take reasonable measures to expeditiously address any sanitary sewer infrastructure or capacity issues to minimize any delay to the construction and occupancy of Costco's Future Development, but in no case, aside from delays due to Force Majeure as specified in Paragraph 35 (*Delays*), shall the City take more than two (2) years from the date of notice from Costco to make repairs or improvements needed for the Future Development.

16. Utility Charges. Costco will pay standard connection charges to the City's utilities, including all local general facility charges and regional connection charges. Except as provided for in Paragraph 23 (*Fees*), the City shall not impose any additional fees, charges or requirements to construct off-site utility infrastructure on the Future Development. However, Costco remains responsible for the costs associated with alteration or extension of on-site utility infrastructure necessary to construct the Future Development.

17. METRO Regional Wastewater Treatment Capacity. This Agreement does not ensure regional capacity by METRO for wastewater conveyance and treatment. The City will continue to coordinate with METRO to provide adequate sewer conveyance and treatment for the City as a whole, including the Future Development. The Designated Official shall not withhold entitlement approvals for the Future Development based on limitations in the METRO system, unless METRO imposes a moratorium or otherwise prohibits new sewer connections in Issaquah.

18. State Environmental Policy Act (“SEPA”) Compliance. SEPA compliance for the Development shall occur in accordance with the provisions of this Paragraph:

a. Planned Action Determination. A Planned Action Environmental Impact Statement (“**Planned Action EIS**”) was prepared for the Central Issaquah Subarea Plan. The Planned Action EIS addressed environmental impacts early in the process in order to facilitate and expedite the environmental review of future individual development projects. Thus, detailed and comprehensive environmental analysis occurred during the planning stage for the Central Issaquah Plan study area, which included Pickering Place and surrounding properties, thereby streamlining the SEPA review process for this Agreement.

b. Confirmation of Consistency. This Agreement meets the Planned Action Review Criteria listed in the Planned Action Determination, is consistent with the Planned Action Ordinance No. 2665 and thereby qualifies as a Planned Action Project. No SEPA threshold determination, EIS or additional SEPA review shall be required for this Agreement. Future Development permit applications implementing this Agreement will not require additional SEPA review if found consistent with the Planned Action Determination as described below in Subsection 18.d below.

c. Further SEPA Compliance Included in this Agreement. Pursuant to RCW 36.70B.170(3)(c), this Agreement addresses the “mitigation measures, development conditions, and other requirements under 43.21C RCW” that are applicable to the Development. Pursuant to RCW 43.21C.240(2) & (3), the City finds that the mitigation measures in this Agreement and the analyses and mitigation required by other local, state, and federal laws and regulations provide adequate analysis of, and mitigation for, the specific adverse environmental impacts of the Future Development.

d. Submission of Documentation to Determine Development Consistency. For each Entitlement Process application, Costco shall submit a completed SEPA checklist, or other documents acceptable to the Designated Official, to confirm consistency of the proposed development with this Agreement and the existing SEPA determinations. Submission of the future SEPA checklist or other documentation is for informational purposes to confirm consistency of the proposed Future Development and mitigations established in this Agreement and shall not be a basis for additional SEPA process or mitigation so long as the proposed development conforms to the terms of this Agreement and no additional significant, adverse environmental impacts are identified using the criteria established in Paragraph 18 (e) (i-iii) (*Limitations on Additional SEPA Review and Mitigation for Implementing Applications*).

e. Limitations on Additional SEPA Review and Mitigation for Implementing Applications. This Agreement is consistent with the Planned Action EIS, and the SEPA mitigation for the build out of the Future Development has been incorporated into this Agreement, particularly the MTFAs (**Exhibit H**). As such, the Designated Official may require further SEPA review and mitigation only to the extent that an implementing Entitlement approval or requested modification meets the following conditions:

i. The City concludes that a requested Entitlement Process application includes a request that exceeds the Future Development defined by this Agreement, and that the request is likely to cause unmitigated, significant, adverse environmental impacts that have not been previously analyzed in the Planned Action EIS or other SEPA environmental documents; or

ii. The City concludes, pursuant to WAC 197-11-600(3)(B), that substantial changes have been made to the Future Development that are likely to have significant, adverse impacts that have not been previously analyzed in the Planned Action EIS or other SEPA environmental documents; or

iii. The City concludes that proposed development beyond the Future Development is outside of the Planned Action thresholds and criteria of Section 3.D of the Planned Action Ordinance No. 2665; or,

iv. As otherwise required by RCW43.21C.440 and WAC197-11-169 and WAC197-11-172.

19. Vested Rights. The Future Development shall be governed by this Agreement and is vested to the applicable provisions of the CIDDS and other land use regulations in effect on the Effective Date of this Agreement and as interpreted and adjusted by the Designated Official in **Exhibit J**. All Future Development shall be implemented through plats, short plats, site development permits, building permits and other permits and approvals (i.e. **Entitlement Process**) issued by the Designated Official. As authorized in RCW 36.70B.170(3)(i), the term of this Agreement is thirty (30) years to commence on the date the Agreement is executed by the Parties. All Entitlement Process applications for the Future Development must be applied for within this thirty (30) year time period. For purposes of this Agreement, the Designated Official's CIDDS interpretations and adjustments set forth in **Exhibit J** are "development standards" as that term is defined in RCW 36.70B.170(3), are vested for the term of this Agreement and are material to Costco's decision to enter into this Agreement.

a. Limitation on Imposition of New or Modified CIDDS. In accordance with RCW 36.70B.180, during the term of this Agreement the City shall not modify or impose new or additional development standards except as set forth in this Agreement. To the extent this Agreement does not establish development standards, process, procedures, or similar elements covering a certain subject, element or condition, then the Future Development shall be governed by the CIDDS in effect upon the date of this Agreement, except as follows:

i. Serious Threat to Public Health or Safety. The City Council may modify one or more CIDDS during the term of this Agreement to the extent

required to avoid a serious threat to the public health or safety. Any serious threat must be believed to be imminent and permanent.

ii. Updated Uniform Codes Apply. Notwithstanding the foregoing, the International Building Code, International Fire Code, and other construction codes in effect in the State of Washington, and as adopted by the City of Issaquah on the date of filing a complete building permit application in the Future Development, shall apply, except that no changes to such codes taking effect after the date of this Agreement shall require redesign or modification of then-existing utilities, facilities, buildings or other infrastructure that were installed in accordance with this Agreement unless redesign or modification are required to avoid a serious threat to the public health or safety, or is otherwise required by law that specifically requires retro-active application.

20. Permit Review and Processing Including Alterations to the Land Plan. See **Exhibit J.**

21. Triggers and Methods for Full Compliance with the CIP and CIDDS. See **Exhibit J.**

22. Interpretation of Community Space. See **Exhibit J.**

23. Fees. Costco agrees to pay all permitting/review fees as established by the City. Fees will adjust over time and Costco agrees to pay the fees in place at the time of application and/or permitting, subject to the provisions of **Exhibit I.**

24. Agreement to Run With the Land. For the term of this Agreement, the benefits and obligations of this Agreement shall run with the land and continue following the subdivision, leasing, or transfer of ownership to Costco's successors and assigns.

25. Term. The term of this Agreement shall be thirty (30) years from the Effective Date of this Agreement. The City and Costco may agree to extend the term of the Agreement.

26. Amendment of Agreement. Amendment of this Agreement is subject to the provisions of Paragraph 51 (*Final and Complete Agreement*). Any major amendment to this Agreement shall also require authorization by the City Council. A major amendment is referred to in this Agreement as a "**Council Amendment**" and is defined as:

- a. Changing the 30-year term of the Agreement; or,
- b. Increasing the amount of Future Development beyond 1,500,000 additional square feet; or,
- c. Proposing a land use that is not allowed in the underlying UC or MU zone, as applicable; or,
- d. Proposing to add property beyond the properties designated as Expansion Area; or,

- e. Increasing “**Building Height**” as defined in CIDDS above 125 feet; or,
- f. Requesting a change to the FAR range; or,
- g. Proposing impervious surface ratio above the limits established in the CIDDS; or,
- h. Request to substantially revise the MTFA which shall consist of:
 - i. Adding or removing any project; or,
 - ii. Materially changing an Approved Project scope by more than 20%; or,
 - iii. Changing an Approved Project schedule by more than 12 months; or,
 - iv. Changing the funding contribution ratio of the parties; or,
 - i. Requesting a revision to **Exhibit K**, consistent with the provisions of **Exhibit K** Paragraph 4.0 D (*Administrative Modification of Standards, Actions Requiring Council Approval*).

All other proposed revisions will be considered “**Administrative Amendments**” and shall be reviewed and decided by the Designated Official.

27. Construction of Documents. In the event there are any conflicts or ambiguities between the terms of the body of this Agreement, the terms of the Exhibits, the CIP, or the CIDDS, the terms of the body of this Agreement shall control.

28. Indemnification. Except as otherwise specifically provided elsewhere in this Agreement and any exhibits hereto, each Party shall protect, defend, indemnify and hold harmless the other Party and their officers, agents, and employees, or any of them, from and against any and all claims, actions, suits, liability, loss, costs, expenses, and damages of any nature whatsoever, which are caused by or result from any negligent act or omission of the Party’s own officers, agents, and employees in performing services pursuant to this Agreement. In the event that any suit based upon such a claim, action, loss, or damage is brought against a Party, the Party whose sole negligent actions or omissions gave rise to the claim shall defend the other Party at the indemnifying Party’s sole cost and expense; and if final judgment be rendered against the other Party and its officers, agents, and employees or be rendered jointly against the Parties and their respective officers, agents, and employees, the Party whose sole negligent actions or omissions gave rise to the claim shall satisfy the same; provided that, in the event of concurrent negligence, each Party shall indemnify and hold the other Party harmless only to the extent of the indemnifying Party’s negligence. The indemnification to the City hereunder shall be for the benefit of the City as an entity, and not for members of the general public.

29. Additional Indemnity in the Event of Sale or Lease. In the event that Costco sells or leases a portion of Properties subject to this Agreement and (i) Costco fails to secure a waiver

of all DA and MTFAs-related claims against the City as part of the purchase or lease and (ii) the purchaser or lessee subsequently alleges that they are paying for the costs of some or all of Costco's **Exhibit H** MTFAs obligations and asserts a claim against the City, Costco agrees to indemnify the City from such claims by said purchaser or lessee against the City when all of the following criteria are met (i) the claim challenges the provisions of this Agreement or the City's authority to enter into this Agreement and (ii) the claim seeks recovery of monies paid by said purchaser or lessee pursuant to their purchase agreement or lease or any mitigation required of them by said purchase agreement or lease. In that case, Costco agrees to indemnify, defend and hold harmless the City for any judgment and shall pay for the City's cost of suit, pre- or post-judgment interest, consequential damages and reasonable expert witness and attorneys' fees. This provision shall not apply to claims brought by parties other than Costco purchasers or lessees, or to claims by any party that are brought under the Land Use Petition Act (Ch. 36.70C RCW) or other statute that do not seek monetary relief or refund of monies.

30. Agreement Consistency with RCW 82.02.020. The mitigation payments and dedications established by this Agreement are consistent with the requirements of RCW 82.02.020 and mitigate the direct impacts that have been identified as a consequence of Costco's proposed Future Development. Costco, or any assignees, shall not assert a claim against the City asserting that (1) the City lacked a legal basis for imposing these agreed-upon payments and dedications; (2) that these payments and dedications lacked sufficient nexus or proportionality with the identified impacts of the Future Development; or (3) that the payments and dedications were greater than if these mitigation measures had been calculated using alternative rationales or formulae.

31. Recording. This Agreement shall be recorded with the King County Department of Records and Elections.

32. Binding Effect; Assignability. This Agreement shall bind and inure to the benefit of the Parties hereto and their respective successors, heirs, legatees, representatives, receivers, trustees, successors, transferees and assigns.

33. Interpretation. This Agreement has been reviewed and revised by legal counsel for both Parties, and no presumption or rule construing ambiguity against the drafter of the document shall apply to the interpretation or enforcement of this Agreement. Nothing herein shall be construed as a waiver of the City's constitutional and statutory powers. Nothing herein shall be construed or implied that the City is contracting away its constitutional and statutory powers, except as otherwise authorized by law.

34. Authority. Each signatory to this Agreement represents and warrants that he or she has full power and authority to execute and deliver this Agreement on behalf of the Party for which he or she is signing, and that he or she will defend and hold harmless the other Parties and signatories from any claim that he or she was not fully authorized to execute this Agreement on behalf of the person or entity for whom he or she signed. Upon proper execution and delivery, this Agreement will have been duly entered into by the Parties, will constitute as against each Party a valid, legal and binding obligation that shall run with the land, and will be enforceable against each Party in accordance with the terms herein.

35. Delays. If either Party is delayed in the performance of its obligations in this Agreement due to Force Majeure, then performance of such obligation shall be excused for the period of delay. Force Majeure means extraordinary natural events or conditions such as war, riot, labor disputes, or other causes beyond the reasonable control of the obligated party. The City's or Costco's inability to fund, or decision not to fund, any of its obligations shall not be an acceptable reason for delay.

36. Notices. All notices, requests, demands, and other communications called for or contemplated by this Agreement shall be in writing, and shall be duly given by mailing the same by certified mail, return receipt requested; or by delivering the same by hand, to the following addresses, or to such other addresses as the Parties may designate by written notice in the manner aforesaid:

Costco Wholesale Corporation
c/o Richard Olin
999 Lake Drive
Issaquah, WA 98027

And to its Attorney:
Foster Pepper, PLLC
Attn: Patrick Mullaney
1111 Third Avenue, Suite 3400
Seattle, WA 98101-3299

City of Issaquah:
Public Works Engineering Director
City Hall Northwest
1775 - 12th Avenue NW
Issaquah, WA 98027

And to its Attorney:
Ogden Murphy Wallace
Attn: Wayne Tanaka
901 5th Ave #3500
Seattle, WA 98164

37. Dispute Resolution. It is the Parties' intent to work cooperatively and to resolve disputes in an efficient and cost effective manner. Some matters that are more readily quantifiable, such as disputes over invoices or change orders, are designated for arbitration. Other matters that may involve policy choices or more complex questions of law are designated for judicial resolution. Paragraph 38 sets out the provisions of this Agreement that are subject to arbitration. Provisions of the Agreement that are not identified in Paragraph 38 are subject to judicial proceeding. However, nothing in the foregoing is intended to preclude the Parties from voluntarily agreeing to arbitrate other types of disputes (i.e. those involving non-listed Paragraphs) in the future.

38. Provisions Subject to Arbitration. The following Paragraphs in this Agreement are subject to Arbitration. Other provisions of this Agreement may be arbitrated by consent of the Parties.

a. Development Agreement Paragraphs 8 and 11. Express reference to arbitration for some Paragraphs is not intended to preclude use of arbitration to resolve non-policy disputes arising in other Paragraphs, subject to mutual agreement by the Parties. Disputes over Paragraphs 8 and 11 are subject to arbitration under the process outlined in Paragraph 37 (*Dispute Resolution*) of this Agreement.

b. MTFFA (Exhibit H): Paragraphs 4-7, 9-19 and 22. For Paragraphs 11 and 12, arbitration is mandatory so long as the proposed design direction is not forecast to exceed the \$56,479,166.00 limit in MTFFA Paragraph 4(d).

39. Settlement Meeting. If any dispute arises between the parties relating to this Agreement, then the parties shall meet and seek to resolve the dispute in good faith, within ten (10) days after a Party's request for such a meeting. The City shall send the Designated Official and persons with information relating to the dispute, and Costco shall send an owner's representative and any consultant or other person with technical information or expertise related to the dispute.

40. Notice of Default. If a settlement meeting is not held within ten (10) days of a request, or if the Parties meet and are unable to resolve their dispute, either Party may serve a written Notice of Default on the other Party. The Notice of Default shall describe the nature of the dispute and the noticing Party's requested resolution. Ten (10) days after service of a Notice of Default, either Party may initiate arbitration or judicial review of the dispute as provided for in this Agreement (see Paragraph 38 *Provisions Subject to Arbitration*). For purposes of this Paragraph, the identities and addresses of the Parties are as set out in Paragraph 36 (*Notices*). The identity or address of any Party may be changed for purposes of this Paragraph by written notice to the representative for the other Party.

41. Selection of Arbitrator. For disputes that are subject to arbitration, or if the Parties have voluntarily agreed to arbitration, within fifteen (15) days of service of a Notice of Default, the Parties shall confer and seek to agree upon a single arbitrator. If the Parties cannot agree on a single arbitrator, then the arbitration will be referred to Judicial Arbitrators and Mediators Seattle ("JAMS"). Each Party shall select a representative from JAMS, the representatives shall then meet, confer and select one of their colleagues to serve as the arbitrator, but if JAMS is not in existence or not able to hear the matter, then either Party may apply to the Washington State Superior Court for appointment of a single arbitrator pursuant to RCW7.04.050.

42. Costs and Procedures for Arbitration. The arbitrator shall establish the procedures and allow presentation of written and oral information, but shall render its final decision within thirty (30) days after the matter is referred to arbitration. The Parties shall pay equally the cost of the arbitration. Pursuant to Paragraph 45 (*Attorney's Fees*), the prevailing Party (or the substantially prevailing Party, if no one Party prevails entirely) shall be entitled to an award of reasonable attorneys' and expert witness fees and costs.

43. Governing Law and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington. Venue for any judicial action arising out of or relating to this Agreement shall lie in King County Superior Court.

44. Specific Performance. The Parties specifically agree that damages are not an adequate remedy for breach of this Agreement and that the Parties are entitled to compel specific performance of all material terms of this Agreement by any Party in default hereof. All terms and provisions of this Agreement are material.

45. Attorneys' Fees. In any arbitration or judicial action to enforce or determine a party's rights under this Agreement, the prevailing party (or the substantially prevailing party, if no one party prevails entirely) shall be entitled to reasonable attorneys' fees, expert witness fees, and costs, including fees and costs incurred in the appeal of any ruling of a lower court.

46. No Third Party Beneficiary. This Agreement is made and entered into for the sole protection and benefit of the parties hereto and their successors and assigns. No other person shall have any right of action based upon any provision of this Agreement.

47. Severability. This Agreement does not violate any federal or state statute, rule, regulation or common law known; but any provision which is found to be invalid or in violation of any statute, rule, regulation or common law shall be considered null and void, with the remaining provisions remaining viable and in effect.

48. Cooperation in Execution of Documents. The Parties agree to properly and promptly execute and deliver any and all additional documents that may be necessary to render this Agreement practically effective. This Paragraph shall not require the execution of any document that expands, alters or in any way changes the terms of this Agreement.

49. Exhibits. This Agreement includes the following exhibits which are incorporated by reference herein:

- a. Exhibit A - Legal Description of Costco Property
- b. Exhibit B - Costco Property & Pickering Place Boundaries
- c. Exhibit C - Expansion Areas
- d. Exhibit D - Land Plan
- e. Exhibit E - Defined Terms
- f. Exhibit F - FAR Calculations
- g. Exhibit G - Density Bonus Calculation
- h. Exhibit H - Master Transportation Funding Agreement
- i. Exhibit I - Non-Traffic Impact Fees

- j. Exhibit J - CIDDS Interpretations & Adjustments
- k. Exhibit K - Sustainability

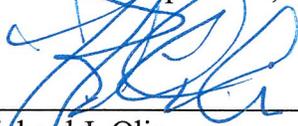
50. Full Understanding. The Parties each acknowledge, represent and agree that they have read this Agreement; that they fully understand the terms thereof; that they have had the opportunity to be fully advised by their legal counsel and any other advisors with respect thereto; and that they are executing this Agreement after sufficient review and understanding of its contents.

51. Final and Complete Agreement. This Agreement is integrated and constitutes the final and complete expression of the Parties on all subjects relating to the development of the Costco Property and parcels within the Expansion Areas. This Agreement may not be modified, interpreted, amended, waived or revoked orally, but only by a writing signed by all Parties. This Agreement supersedes and replaces all prior agreements, discussions and representations on all subjects discussed herein, without limitation. No Party is entering into this Agreement in reliance on any oral or written promises, inducements, representations, understandings, interpretations or agreements other than those contained in this Agreement and the exhibits hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first set forth above.

Costco Wholesale Corporation,

By: _____


Richard J. Olin

Its: Senior Vice President and Assistant Secretary

City of Issaquah,
A Washington optional municipal code city

By: _____


Fred Butler

Its: Mayor

ATTEST:



City Clerk

APPROVED AS TO FORM:

[Handwritten Signature]

Issaquah City Attorney

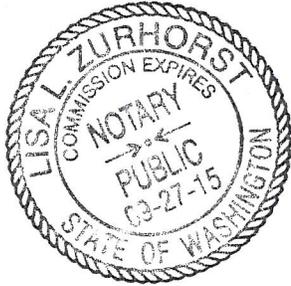
STATE OF WASHINGTON

ss.

COUNTY OF KING

On this day personally appeared before me RICHARD J. OLIN, to me known to be Senior VP & Asst Secretary of COSTCO WHOLESALE CORPORATION that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that RICHARD J. OLIN is authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

GIVEN under my hand and official seal this 13th day of APRIL, 2015.



[Handwritten Signature]
(Signature of Notary)

LISA L. ZURHORST
(Legibly Print or Stamp Name of Notary)
Notary public in and for the State of Washington,
residing at MAPLE VALLEY
My appointment expires 09-27-2015

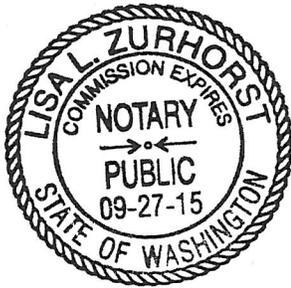
STATE OF WASHINGTON

ss.

COUNTY OF KING

On this day personally appeared before me FRED BUTLER, to me known to be MAYOR of the CITY OF ISSAQUAH, a Washington optional municipal code city that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that FRED BUTLER is authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

GIVEN under my hand and official seal this 13th day of APRIL, 2015.



Lisa L. Zurhorst
(Signature of Notary)

LISA L. ZURHORST
(Legibly Print or Stamp Name of Notary)
Notary public in and for the State of Washington,
residing at MAPLE VALLEY
My appointment expires 09-27-2015

**EXHIBIT A
LEGAL DESCRIPTION**

COSTCO WAREHOUSE PARCELS

LOTS 9, 10, 11, 12 AND 13, I-90 CORPORATE CENTER, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 149 OF PLATS, PAGES 65 THROUGH 70, RECORDS OF KING COUNTY, WASHINGTON; EXCEPT THOSE PORTIONS OF LOTS 9 AND 13 DESCRIBED IN DEED TO THE CITY OF ISSAQUAH, RECORDED NOVEMBER 4, 1993 UNDER RECORDING NO. 9311041668, IN KING COUNTY, WASHINGTON; TOGETHER WITH TRACT X OF ISSAQUAH LOT LINE ADJUSTMENT NO. LLA-94-09 AND RECORDED UNDER RECORDING NO. 9502099005.

COSTCO OFFICE BUILDINGS 1, 2 AND 3

LOT A OF ISSAQUAH LOT LINE ADJUSTMENT LLA-94-09 RECORDED FEBRUARY 9, 1995 UNDER KING COUNTY RECORDING NO. 9502099005, IN KING COUNTY, WASHINGTON. REVISED LOTS 28, 29 AND 30 OF CITY OF ISSAQUAH LOT LINE ADJUSTMENT NO. PLN 00-00072, RECORDED MAY 22, 2001 UNDER RECORDING NO. 20010522900003, IN KING COUNTY, WASHINGTON.

PARKING AREA SOUTH OF COSTCO TRADING

LOT 1, I-90 CORPORATE CENTER, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 149 OF PLATS, PAGES 65 THROUGH 70, RECORDS OF KING COUNTY, WASHINGTON; EXCEPT THAT PORTION OF LOT 1 CONVEYED TO THE CITY OF ISSAQUAH BY DEED RECORDED UNDER RECORDING NO. 19991220000849, IN KING COUNTY, WASHINGTON.

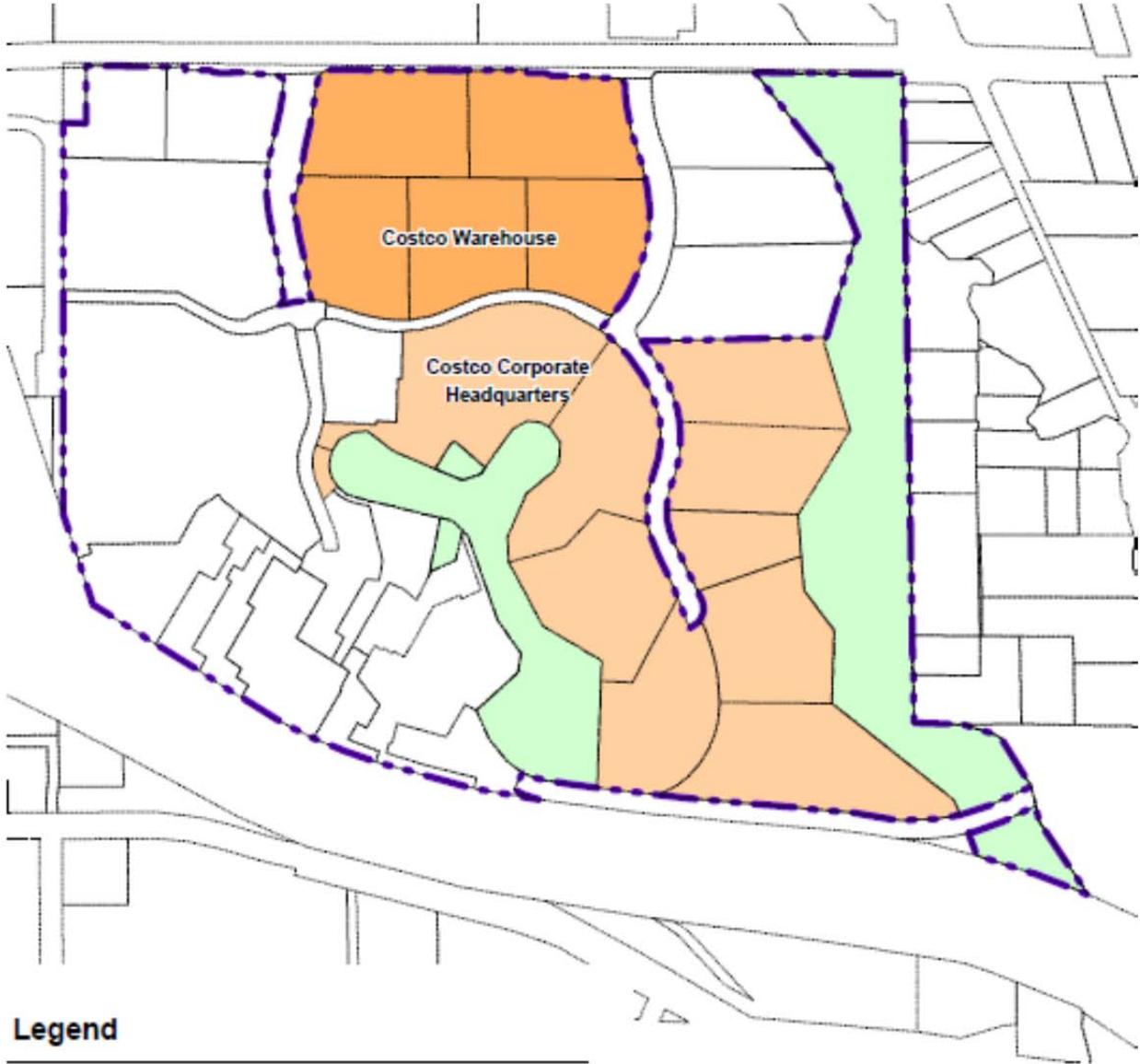
COSTCO TRADING BUILDING

LOT A OF CITY OF ISSAQUAH LOT LINE ADJUSTMENT NO. PLN04-00034, RECORDED AUGUST 24, 2004 UNDER RECORDING NO. 20040824900033, IN KING COUNTY, WASHINGTON.

COSTCO PARKING GARAGE

LOT A OF CITY OF ISSAQUAH LOT LINE ADJUSTMENT NO. PLN11-00006, RECORDED APRIL 14, 2011 UNDER RECORDING NO. 20110414900003, IN KING COUNTY, WASHINGTON.

**EXHIBIT B
COSTCO PROPERTY & PICKERING PLACE BOUNDARIES**

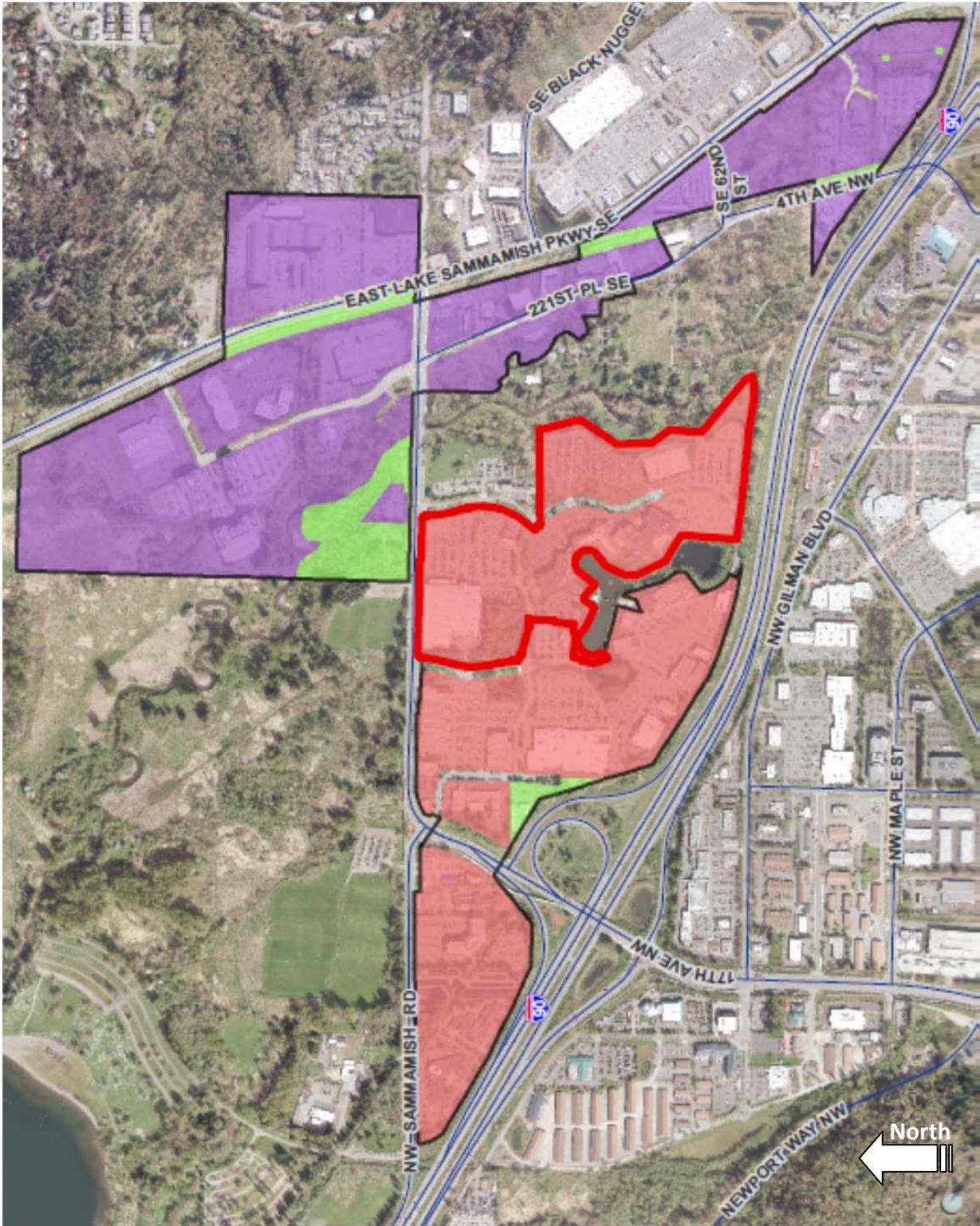


Legend

-  Current Pickering Place Boundary
-  Costco Corporate Campus Property
-  Costco Warehouse Property
-  PPOA Common Space



EXHIBIT C EXPANSION AREA



Zoning within Potential Costco Expansion Area



Potential Costco Expansion Areas 247.7 Acres

EXHIBIT D

LAND USE PLAN

****NOTE ON EXHIBIT D****

1.0 Purpose & Intent

This **Exhibit D** is a compilation of many of the documents that were compiled for the Site Development Permit that was issued concurrently with the Development Agreement for Costco. Reasons for including Exhibit D in the Development Agreement include: 1) providing a record of the final Resolutions adopted by the City Council, the final conditions of approval, and the final staff report; and, 2) to vest the land use decision for the term of the Development Agreement. One of these documents included in Exhibit D is the August 15, 2014 Development Commission Staff Report (“Staff Report”) that was prepared for the Development Commission’s review of the Land Plan and Site Development Permit.

2.0 Relationship Between Exhibit D Staff Report and the Final Development Agreement

The Staff Report was written several weeks prior to the final version of the Development Agreement (“Final Development Agreement”) that was adopted by the City Council on October 13, 2014. The Staff Report was based upon a draft version of the Development Agreement that was significantly revised before adoption. Thus, several of the Staff Report’s citations to paragraphs of the draft Development Agreement are no longer accurate (see examples below), and some concepts regarding the draft Development Agreement that are included in the Staff Report are not accurate because of changes made in the Final Development Agreement. Therefore, where inconsistencies exist between this Exhibit D and the Development Agreement or Exhibits E-K, unless the inconsistency is with the Final Conditions set forth on Exhibit D pgs. D-14, 15, and 16, the terms of the Final Development Agreement and Exhibits E-K shall prevail.

Examples of changes that occurred between the draft Development Agreement used for the Staff Report and the Final Development Agreement include, without limitation, the discussion of parking on Staff Report pgs. D-36 and 37, which was superseded by Final Development Agreement Exhibit J Sections 2(d) and 3(d). Similarly, the Staff Report discussion of signage standards (staff report pg. D-37) incorrectly cites to Development Agreement Paragraph 8, which in the Final Development Agreement actually addresses Costco’s concurrency reservation. The signage administrative adjustment of standards is found in Final Development Agreement Exhibit J Section 3(c).

3.0 Conclusion

Because the Staff Report was written in advance of the Final Development Agreement, in some instances, it does not accurately explain or interpret the provisions of the Final Development Agreement. While the Staff Report does correctly explain the reasoning behind the Land Plan and the characteristics of the Site Development Permit, caution should be used in relying on the Staff Report to interpret the Final Development Agreement.

Exhibit D
LAND USE: Table of Contents

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Staff Report Attachment 1: Costco Land Plan: CIDDS Review (August 15, 2014)	D-46
Staff Report Attachment 2: Costco Conceptual Site Development Plan, pgs 1-7, (DA Exhibit D, Land Plan, received August 13, 2014.....	D-57
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Staff Report Attachment 6: Not included	
Staff Report Attachment 7: Costco Corporate Campus Existing Parking Count and Land Plan Parking Forecast (DA Exhibit D, Land Plan, received August 13, 2014.....	D-75

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9/8/14
R: 9/23/14

RESOLUTION NO. 2014-18

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ISSAQUAH, WASHINGTON, APPROVING THE MASTER SITE PLAN AMENDMENT FOR THE PICKERING PLACE MASTER SITE PLAN.

WHEREAS, Costco Wholesale Corporation submitted an application for a master site plan amendment to remove properties (described in Exhibit A) from the Master Site Plan for Pickering Place, and

WHEREAS, on August 20th, September 3rd and September 17th of 2014, the City's Development Commission held community conference public meetings regarding the project, and

WHEREAS, the City Council held a public hearing on September 15th, October 6th, and October 13th of 2014, and

WHEREAS, a determination was rendered that the proposed action was consistent with the Planned Action Ordinance No. 2665 for the Central Issaquah Plan, and

WHEREAS, additional property owners within the Pickering Corporate Park may wish to join in the major modification of the Master Site Plan, but need additional time to consider the matter; and

WHEREAS, in order to accommodate the additional property owners, the City will allow additional time for property owners to join in the Master Site Plan major amendment; and

WHEREAS, the Council's decision on this Resolution constitutes a land use decision under RCW 36.70C.040

NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF ISSAQUAH, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. The City Council hereby adopts the Development Commission's Recommendations which are set forth on **Exhibit B** attached hereto and incorporated by this reference as if fully set forth herein .

Section 2. The City Council hereby approves the master site plan amendment for the properties identified in **Exhibit A** for Pickering Place, subject to the conditions as set forth in the Development Commission's Recommendation, attached hereto as **Exhibit B**.

Section 3. Property owners, including Costco shall have until close of City offices on January 30, 2015 to indicate their desire to be included in the Master Site Plan major amendment approved by this Resolution. Property owners desiring to be included shall submit a written request to the Permit Center before the date identified in this Section 3. The Administration is authorized to modify Exhibit A to include all such property owners submitting petitions. After that time any property owner who wishes to amend the Master Site Plan will be processed by the City as a new application.

Section 4. Expiration. Should the City not receive any petitions by the close of City offices on Monday, January ^{30 (see)} 12, 2015, the Amendment for the Master Site Plan will expire.

PASSED by the City Council this 13th day of October, 2014.



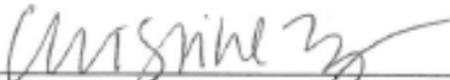
PAUL WINTERSTEIN,
COUNCIL PRESIDENT

APPROVED by the Mayor this 13th day of October, 2014.



FRED BUTLER, MAYOR

ATTEST:


CHRISTINE EGGERS, CITY CLERK

APPROVED AS TO FORM:

BY 
OFFICE OF THE CITY ATTORNEY

RESOLUTION NO. 2014-18
AGENDA BILL NO: AB 6780
DATE PASSED: 10/13/2014

RESOLUTION NO. 2015-03

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ISSAQUAH, WASHINGTON, ACCEPTING THE REQUEST OF RED ROBIN TO REMOVE THE MASTER SITE PLAN DESIGNATION FROM ITS PROPERTY.

WHEREAS, Red Robin International, Inc. owns certain property located in the Pickering Place shopping center in Issaquah, and

WHEREAS, Red Robin's property has been subject to the Master Site Plan regulations in effect since 1987 (MS 84-01), and

WHEREAS, in 2013 the City enacted new zoning regulations and designations known as the Central Issaquah development and Design Standards, and

WHEREAS, certain property owners in the Pickering Place shopping center have indicated they would prefer to develop or redevelop their property under the Central Issaquah Plan zoning and development regulations and not the Master Site Plan regulations, and

WHEREAS, on October 13, 2014, at a Special City Council meeting, the City Council passed Resolution No. 2014-18 (the Resolution) which gave property owners in Pickering Place until January 30, 2015 to indicate whether they wished to have their property removed from the Master Site Plan designation, and

WHEREAS, due to the unavailability of a key Red Robin executive, Red Robin was not able to file its notice with the City until February 3, and

WHEREAS, all other property owners in Pickering Place, save one, have indicated their desire to develop and redevelop under the Central Issaquah Plan, and

WHEREAS, the City Council is willing to accommodate Red Robin's request even though it was filed several days late, NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF ISSAQUAH, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. The City Council finds that Red Robin has taken all actions in good faith and in accordance with the spirit of Resolution No. 2014-18. Due to unforeseen events, Red Robin was not able to file their request by the deadline set forth in the Resolution. The City Council further finds that no other property owner is prejudiced or adversely affected by Red Robin's withdrawal from the Master Site Plan and that Red Robin has substantially complied with the intent and spirit of the Resolution.

Section 2. The City Council hereby accepts Red Robin's request to participate in the Master Site Plan amendment authorized by Resolution 2014-18. Going forward, the City will treat Red Robin's property in the same manner that it is treating the properties of other Pickering Place owners that met the January 30, 2015 date for requesting participation in the Master Site Plan amendment authorized by Resolution 2014-18.

PASSED by the City Council this 17th day of February, 2015.

APPROVED:



PAUL WINTERSTEIN, COUNCIL PRESIDENT

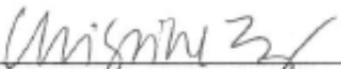
APPROVED by the Mayor this 17th day of February, 2015.



FRED BUTLER, MAYOR

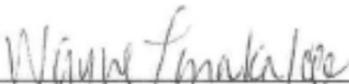
FILED this 17th day of February, 2015.

ATTEST:



CHRISTINE EGGERS, CITY CLERK

APPROVED AS TO FORM:

BY: 

OFFICE OF THE CITY ATTORNEY

RESOLUTION NO. 2015-03 / AB 6971

EXHIBIT A

List of Participating Owners

1. Costco Wholesale Corporation
2. Lowe's Home Centers, LLC
3. Red Robin International, Inc.
4. Joan R. Hull Trust
5. Harborstone Credit Union (f/k/a Prevail Credit Union)
6. Pickering Commercial Property, LLC
7. Rouvelas, LLC
8. Gobo Building, LLC
9. Issaquah Pickering Place, LLC
10. Eastside Theatre Group, LLC
11. U.S. Bank NA, as Trustee under the Will of Dorothy M. Bonnell
12. Bookstore Partners, Inc.
13. PacNorthwest Holdings, LLC

Exhibit B – Conditions of Approval

1. Maintain a 200 foot setback from Issaquah Creek as permanent open space. Staff recognizes this as Tract A.
2. Tract A is owned by the Pickering Place Owners Association ("PPOA"). Although Costco is a member of the PPOA, Costco in its individual capacity does not own or maintain Tract A, nor does Costco have any obligation to maintain Tract A. If Costco, in its individual capacity and not simply as a member of the PPOA, ever does maintain Tract A, Costco shall not use hazardous or toxic substances, or pesticides; however, (i) organic, slow-release fertilizers are permitted, and (ii) herbicides approved for use adjacent to aquatic environments may be used for control of non-native invasive plant species.
3. Pickering Place is currently encumbered by CC&Rs that govern, among other things, the ownership, use, and maintenance of the commonly-owned areas and facilities in Pickering Place. The City acknowledges that the Pickering Place owners have the right to amend and/or eliminate the CC&Rs. However, if Costco, as one of the Pickering Place owners, participates in amending or eliminating the CC&Rs, Costco will assist in demonstrating to the City's reasonable satisfaction, that the future ownership, use, and maintenance of the Pickering Place shared facilities have been adequately addressed.

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9/8/14
R: 9/23/14

RESOLUTION NO. 2014-19

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ISSAQUAH, WASHINGTON, APPROVING THE COSTCO DEVELOPMENT AGREEMENT AND SITE DEVELOPMENT PERMIT AND AUTHORIZING THE MAYOR TO EXECUTE THE AGREEMENT.

WHEREAS, Costco Wholesale Corporation (Costco), owns certain property in the Pickering Corporate Park in the City and;

WHEREAS, Costco desires to expand the uses of its property, and

WHEREAS, Costco submitted an application for a major modification of a Master Site Plan and a site development permit, (Application) (MSP14-00002);

WHEREAS, as part of the Application, Costco has proposed a development agreement ("Costco Development Agreement") (DA14-00002) to clarify the permit review process, regulatory requirements, and design standards, and to establish mitigation for the Costco Properties,

WHEREAS, on August 20th, September 3rd and September 17th of 2014, the City's Development Commission held community conference public meetings regarding the project, and

WHEREAS, the City Council held a public hearing on September 15th, October 6th, and October 13th of 2014, and

WHEREAS, a determination was rendered that the proposed action was consistent with the Planned Action Ordinance No. 2665 for the Central Issaquah Plan, and

WHEREAS, the Council's decision on this Resolution constitutes a land use decision under RCW 36.70C.040.

NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF ISSAQUAH, WASHINGTON, DO HEREBY RESOLVE AS FOLLOWS:

Section 1. Development Agreement Approved. The City Council hereby approves the Costco Development Agreement between the City and Costco. The Mayor is hereby authorized to execute **Exhibit A**, the Costco Development Agreement, attached hereto and incorporated by reference as if fully herein set forth; subject to incorporation of the revisions contained in the updated Staff Memorandum dated October 9, 2014 and the Costco Development Agreement Clarifications & Changes also dated October 9, 2014, and minor typographical and editing changes that may occur following Council approval.

Section 2. The City Council hereby approves the Site Development Permit (Land Plan) for the Costco campus subject to the Development Commission recommendations as incorporated into Exhibit D of the Development Agreement.

Section 3. In advance of approving the Development Agreement, the City Council has approved a major amendment to the Pickering Park Master Site Plan and has allowed additional Pickering property owners to join in the benefits of that decision. The authorization for the Mayor to execute the Costco Development Agreement shall expire if the associated Resolution for the Master Site Plan Amendment is not executed by the Parties and this Resolution will expire.

Passed by the City Council of the City of Issaquah, the 13th day of October, 2014.

Approved by the Mayor of the City of Issaquah the 13th day of October, 2014.

APPROVED:



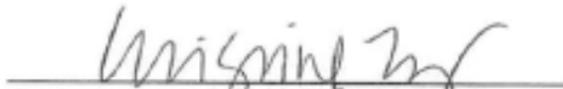
PAUL WINTERSTEIN, COUNCIL PRESIDENT

APPROVED:



FRED BUTLER, MAYOR

ATTEST/AUTHENTICATED:


CITY CLERK, CHRISTINE EGGERS

APPROVED AS TO FORM
OFFICE OF THE CITY ATTORNEY:

BY 

RESOLUTION NO. 2014-19
AGENDA BILL NO: AB 6780
DATE PASSED: 10/13/2014

Final Approved Conditions

File No.:	DA14-00002
Project:	Costco Land Plan, Development Agreement Exhibit D
Responsible Staff Member:	Lucy Sloman, AICP Land Development Manager Urban Village Designated Official
Development Commission Recommendation:	September 17, 2014
Council Land & Shore Committee Recommendation:	October 1, 2014
Notice of Action:	Agenda Bill: 6780 Date of Action: October 13, 2014 Effective Date: October 17, 2014
Council Modified Recommended Conditions?:	Yes (modified Conditions #1 and #4)

Final Approved Conditions:

1. Incrementally build a connected pedestrian system between Lake Dr. and the Shared Use Routes behind the buildings (Pickering Trail and Pickering Pond trail) consistent with the intent of Section 6.2.A. If buildings are longer than 300 ft, open-air arcades, enclosed through-building atriums, or elements that serve a similar purpose will be provided to implement the Block length requirements of Section 6.2.A. The Land Plan was evaluated and approved with the following level of connectivity being determined to be consistent with the intent of Section 6.2.A, at approximately the frequency shown in the Staff Report illustration: 1) outside Through Block Passages between buildings and 2) internal building Passageways via main entryways from street-side plazas and trail-side plazas, which will have access limited to Costco employees and invited guests; however, the Staff Report illustration is a concept and will likely not be constructed exactly as shown. The three east-west connections at building ends will provide Pedestrian connections to the north-south public facilities (sidewalks and bike lanes) and PPOA facilities (pond trail and creek trail). Entries into and exits from the buildings to the plazas may not be internally connected via a straight line, though the route through the building should be direct and comprehensible for Costco employees. Through Block Passages will be sited and oriented to take advantage of views and vistas of treed hillsides and mountains as envisioned by CIDDS, acknowledging proposed building placement and size as shown in the Land Plan.

2. The incremental implementation of the Entitlement will include completing the pedestrian circulation system including sidewalks on both sides of the roads, consistent with the improvements shown in the MTFA, DA Exhibit H. However during future land use and/or construction permit review, the Applicant may request an Administrative Adjustment of Standards consistent with the provisions and procedures of the CIDDS.

3. In addition to the review criteria and standards in DA Exhibit J, the design and review of Skybridges will use the images and captions provided under Chapter 6 of this Staff Report, in the Imagery (Staff Report Attachment 4), and Briefing Response Memo #2 (for use as identified therein) as illustrative guidelines. [See end of memo for these materials.] If a skybridge is built which crosses the right-of-way, it may not be multi-level.

4. With future land use and construction permits, building and Community Space design and placement shall meet the purpose and intent of the CIDDS, where due to existing curvilinear streets, property lines, block length, the secure nature of Costco buildings, etc... it is not possible to meet the strict letter of the standards. Site plans will:

- Locate buildings to create a Streetwall to the extent practical or reasonable without forcing all building designs to be curved
- Place buildings to create a container for the Public Realm
- Provide Community Spaces in locations, sizes, and designs to complement the buildings
- Use buildings and other elements to shape the Public Realm and Community Spaces in thoughtful, useful ways, appropriately sized for activities other than just entering and exiting the building
- Where setbacks are provided, make them a purposeful use of the land not a buffer between sidewalks and buildings
- Where the building placement does not strictly comply with CIDDS, future permits will utilize tools such as CIDDS 11.3.J that provide elements that stand in for the missing Streetwall.
- At corners, maximize the presence of buildings to comply with CIDDS 11.3.H to the extent possible.
- In balancing the requirements of the CIDDS for Building 4A, the design and review process will explore opportunities to incorporate and/or highlight territorial views and vistas.

Where streets are straight, such as along the southern edge of Building 4A, the buildings will meet the CIDDS requirements.

5. Each new Building (4A, 4B, 5, 6) shall provide a primary entry into the building from the street, though security may limit who enters the building. Building 6 may have its public entry from the pond side plaza, consistent with the CIDDS; however, a staff only entry shall be placed on Lake Dr., and positioned and designed to reinforce the vista and communicate that it is a primary building entry, unless an arcade is provided approximately as suggested in the Land Plan. Building 1's entry route from the street to the door shall be reasonably redesigned during the future land use and construction permitting process for Building 6 to make the sequence consistent with the CIDDS as practical and reasonable.

6. Maintain a 200 foot setback from Issaquah Creek as permanent open space. Staff recognizes this as Tract A.

7. Tract A is owned by the Pickering Place Owners Association ("PPOA"). Although Costco is a member of the PPOA, Costco in its individual capacity does not own or maintain Tract A, nor does Costco have any obligation to maintain Tract A. If Costco, in its individual capacity and not simply as a member of the PPOA, ever does maintain Tract A, Costco shall not use hazardous or toxic substances, or pesticides; however, (i) organic, slow-release fertilizers are permitted, and (ii) herbicides approved for use adjacent to aquatic environments may be used for control of non-native invasive plant species.

8. Pickering Place is currently encumbered by CC&Rs that govern, among other things, the ownership, use, and maintenance of the commonly-owned areas and facilities in Pickering Place. The City acknowledges that the Pickering Place owners have the right to amend and/or eliminate the CC&Rs. However, if Costco, as one of the Pickering Place owners, participates in amending or eliminating the CC&Rs, Costco will assist in demonstrating to the City's reasonable satisfaction, that the future ownership, use, and maintenance of the Pickering Place shared facilities have been adequately addressed.

Final Approved Conditions prepared by: Lucy Sloman, AICP

cc: Applicant
Permit File

For use with Land Plan Approval Condition #3:

Chapter 6 of the Staff Report:

Guidelines for Skybridges are as follows:



This skybridge uses a single support to make a strong architectural statement while the bridge itself is simple and transparent.

Look for opportunities to use the supports for a skybridge to add visual impact to the design.

Both of the above skybridges are memorable and/or sculptural which is especially important when they located in visually prominent locations.



This skybridge is designed to both frame a public plaza and mark the passage between two areas of a campus.

Though this skybridge is multi-level, it is very transparent while architecturally strong. The supports mark a gateway.

Imagery (Staff Report Attachment 4):

Similar colors and materials tie these buildings constructed in different eras. Sky bridges can also assist in making these connections while providing convenient and secure circulation between buildings.



Briefing Response Memo #2 (for use as identified therein)

To provide examples of Architectural Integration, the following illustrative examples are provided:



This skybridge from Western Washington University shows how a skybridge can be architecturally integrated and have more character than a bare glass box.



This skybridge connects the stair tower of Costco's Building 3 with Building I, and uses a similar architectural vocabulary to do so.

To further identify options and opportunities limited to a skybridge crossing the right-of-way, Staff provides the following illustrative examples:



Open Air:
While many skybridges are enclosed, this one from Auckland provides a similar secure connection, while more closely connecting people on the bridge with those on the street.



Gateway:
Both the design and signage on this skybridge creates a gateway into Salt Lake City's City Center.

CITY OF ISSAQUAH
Development Services Department
DEVELOPMENT COMMISSION

STAFF REPORT

August 15, 2014

Application Numbers:

DA14-00002 Development Agreement including a Land Plan
MSPA14-00002 Master Site Plan Amendment

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STAFF REPORT

I. Application Information

- Applications: Development Agreement: DA14-00002 (including Land Plan)
Master Site Plan Amendment: MSPA14-00002
- Project name: Costco Development Agreement and Master Site Plan Amendment
- Staff Contact: Lucy Sloman, Land Development Manager
Development Services Department, 425-837-3433
lucys@issaquahwa.gov
- Applicant & Owner: Costco Wholesale Corporation
999 Lake Dr
Issaquah, WA 98027
- Contact: Kim Katz
Real Estate Director
Costco Wholesale Corporation
- Architect: Steve Bullock
Mulvaney/G2 Architects
1110 112th Ave NE, Suite 500
Bellevue, WA 98004
- Request: Application for recommendations on: 1) Master Site Plan Amendment and 2) a Land Plan for Future Development of 1,500,000 sq.ft. of office, with the potential to substitute up to 250,000 sq.ft. of non-office uses, on 47 acres. The Future Development is proposed as 4 new office buildings and expansion of the retail warehouse. The proposed office buildings are 3-10 stores in height above 1-2 stories of below-grade structured parking. Surface parking will also be provided. Two stories may be added to an existing parking garage. Assuming full build-out of the Future Development, over 4,000 parking spaces will serve the office portion of the project. The project will include outdoor plazas. The Land Plan keeps all existing buildings except the Trading Building and replaces existing surface parking and the Trading Building with new buildings.
- Location: The Costco Property is located south of NW Sammamish Rd, I-90, west of Issaquah Creek and 221st Place SE, and east of 11th Ave NW.
- Existing Land Use: Costco's corporate office buildings and retail warehouse are located on four parcels of property that includes three existing office buildings (per King County, Building 1, 2, and 3 were constructed in 1990, 1998, and

2001, respectively), a Trading building built in 1997 (per King County), and a retail warehouse built in 1994 (per King County).

Adjacent Uses:

North: NW Sammamish Rd, Lake Sammamish State Park, Pickering Barn

South: New road/SE 62nd Street, Interstate 90

East: Issaquah Creek, Pickering Trail, Pickering Barn

West: 11th Ave NW, Pickering Square (including PCC, Big 5, Michaels), Red Robin, Lowe's Home Improvement, Pickering Place pond

Zoning: "UC" (Urban Core), Effective April 29, 2013

Comprehensive Plan:

Ord. 2706, Amended effective February 18, 2014

Land Use: "Urban Core"

Subarea: "Pickering"

II. Recommendation

Based upon the application, submitted plans (August 13, 2014), listed Attachments, and rationale contained in this Staff Report, the Administration recommends that the Development Commission recommend approval of the Land Plan for the Costco Development Agreement, with conditions and the Master Site Plan Amendment. See *Section VIII Proposed Motion* and recommended conditions.

III. Public Notice and Comment

Public notice for the Land Plan and Master Site Plan Amendment are described and addressed: Section V, Chapter 3 (Procedures) including the process and dates of notification as required and followed. No public comments have been received at this time.

IV Background

Summary of proposed action

The applicant is seeking a recommendation for approval of a Land Plan as part of a Development Agreement. The Land Plan and Development Agreement establish the framework for the proposed construction of four new office buildings and expansion of the retail warehouse, in total containing up to 1,500,000 new sq.ft. (See DA Sections 1 and 9 for additional information.) For the new office buildings, most of the surface parking and the existing Trading Building are being replaced by new office buildings 3-10 stories in height. (With the exception of the two story Trading Building, the existing office buildings are three stories.) Instead parking will be provided as follows: the majority of the parking will be located in an existing parking garage. A five-story garage has been constructed and the Land Plan proposes to increase the garage to seven stories. The five-story garage was designed and built to accommodate an additional two stories. Also, the Land Plan proposes one to two stories of parking under each new office building. Finally a small amount of surface parking remains in front of the existing buildings as well as between existing Building 3 and proposed Building 5. In addition to building and parking

placement, the proposed Land Plan also contains a conceptual scheme regarding the location of plazas and circulation.

The retail warehouse is currently a suburban model of development, generally not consistent with the intent and standards of Central Issaquah Plan (CIP) and Central Issaquah Development and Design Standards (CIDDS). The Development Agreement recognizes that these are at odds and, that until such time as the retail warehouse is demolished and completely redeveloped, it will be difficult and unlikely that it will comply. It should be noted that this is consistent with CIDDS, in that until a building or property reaches a certain level of redevelopment, full compliance with CIDDS is not required. That said, as possible, and as described in DA Section 6, the Staff and Applicant will look for reasonable opportunities for it to be more compliant as part of any future partial redevelopment. In particular, they will look for opportunities to enhance the retail warehouse block's non-motorized circulation consistent with CIDDS Chapter 12, recognizing the realities of building placement and parking configuration.

To provide clarity during the 30 year buildout period, Staff has prepared a table reviewing the Land Plan against the CIDDS. See Attachment 1 to the Staff Report. Elements included in the Land Plan are reviewed relative to the CIDDS; however additional review will occur with future land use and construction permits. Elements not included in the Land Plan will be reviewed with the future permits. See below in Section V for more information on using this table.

The Development Agreement would remove the Pickering Place Master Plan (PPMP), which has been in place, guiding the development of this area since 1987. By removing the PPMP, the Costco property can implement the Central Issaquah Plan (CIP) and Central Issaquah Development and Design Standards (CIDDS) adopted by the City Council in 2012 and 2013, respectively. See Section VI of this Staff Report and DA Section 5 for more information on the Amendment to the PPMP.

If the City Council approves the Development Agreement and Land Plan, the Land Plan would serve as a broad framework for future development of the property during the Development Agreement's term (30 years). The Development Commission will provide the City Council with a recommendation on the Land Plan. As part of this review,, a couple of things should be noted:

- Additional, more detailed land use and construction permits will be required to implement the Land Plan. The CIDDS criteria for the types of review would be generally used, though the proposed Development Agreement contains some clarification of how this would apply to the Land Plan. For example, under the terms of the Development Agreement proposals for new buildings that are consistent with the Land Plan, and which are greater or equal to 150,000 sq.ft., would return to the Development Commission and public for input, though unlike other SDPs these would not involve a Commission decision. Following input from the Development Commission and the public, the decision on whether the specific development proposal complies with the CIP, CIDDS, DA, and Land Plan would be made by Staff. See DA Section 26 for more information.
- Proposals which are 150,000 sq.ft. or greater and not shown on the Land Plan, such as replacing an existing Costco building, other than the Trading Building, proposing a building in the Expansion Areas, or in the current Costco property but which is not shown on the Land Plan would necessitate that the proposal come to the

The Development Commission is making a recommendation to Council as the Council is the decision-making body for Development Agreements. CIDDS Chapter 3.9 identifies the approval criteria as:

- A. The Land Plan is consistent with the Comprehensive Plan and Central Issaquah Plan;
- B. The Land Plan meets all applicable codes, rules, regulations and policies; and
- C. The Land Plan satisfies the elements of the Development and Design Standards.

As the Development Agreement further defines how the CIDDS will apply to the Costco Property, the Development Agreement will be used as an additional criterion.

Only those standards that apply to the Land Plan are discussed in this report. Also see Staff Report Attachment 1.

The applicant will develop the Future Development in phases, though no specific timing is required; see DA Section 1c. As the specific development applications are made, additional conditions may be applied through subsequent permits to ensure compliance with the Development Agreement, CIP, CIDDS, IMC, etc....

Definitions:

Capitalized words in this staff report are defined terms below, in CIDDS Chapter 2.0, or in DA Exhibit E.

Central Issaquah Plan: CIP, is the Central Issaquah Plan that was adopted on December 17, 2012 providing the Central Issaquah Plan Area Map, an overview, definitions, guiding principles, central plan districts, policies and exhibits to the plan.

Central Issaquah Development and Design Standards: CIDDS, are the development and design standards that became effective April 29, 2013 to implement all development sites within the boundary of the Central Issaquah Plan except for those areas zoned Urban Village. Relevant references to the CIDDS are included in this Staff Report, e.g. CIDDS Section X.

Development Agreement: DA, the Costco Development Agreement. Relevant references to the Costco DA included in this Staff Report, e.g. DA Section X. There are other Development Agreements in the City, both for Urban Villages and other purposes. Any references to other DAs would be specifically identified, e.g. Rowley DA, if and when they are used.

Development Commission: DC, the commission responsible to review the Costco Land Plan and make a recommendation to the City Council.

Issaquah Municipal Code: IMC

Land Plan: The Land Plan is contained in DA Exhibit D and defined in DA Exhibit E. Essentially, everything contained in Exhibit D (Land Plan and Staff Report) is considered the Land Plan. Also see Attachments to this Staff Report.

Master Site Plan: MSP, which is a City permit and in the case for the Costco Property is the PPMP or Pickering Place Master Plan.

Master Site Plan Amendment: MSPA

Pickering Place Master Plan: PPMP, is the Master Site Plan for Pickering Plan which has guided development within Pickering Plan since its approval in 1987.

V. Central Issaquah Development and Design Standards (CIDDS)

SEPA Review

A Planned Action Environmental Impact Statement (EIS) was prepared for the Central Issaquah Subarea Plan. The Draft EIS was issued by the City on March 28, 2012, the Final EIS published on June 29, 2012. The purpose of a Planned Action EIS is to address environmental impacts up-front or early in the process in order to facilitate and expedite the environmental review of future individual development projects. The detailed and comprehensive environmental analysis occurs during the planning stage for a study area, thereby streamlining the permit review process. When development projects are proposed that are consistent with the EIS analysis, no additional environmental review or separate SEPA determination is required. The Planned Action area in Central Issaquah applies to the “Urban Core” zone which includes the Pickering Place area north of I-90 and commercial area along Gilman Boulevard between SR-900 and 7th Ave NW. The Hyla Crossing and Rowley Center Project EIS was also a Planned Action EIS.

The proposed Costco Development Agreement is consistent with the Central Issaquah Subarea Plan EIS. The EIS assumed 1,500,000 square feet of new commercial growth in Pickering Place and therefore the Future Development meets the development level or threshold that was evaluated in the EIS. This amount of commercial growth was also included in the EIS traffic model used to evaluate transportation impacts. The Future Development is consistent with the Central Issaquah Development and Design Standards; with minor modifications to street standards, parking stall dimensions and interpretations of building setbacks as included in the Development Agreement.

See DA Section 24 for additional information on SEPA Compliance.

CIDDS Review

Attachment 1 contains a table, providing a detailed review of the Land Plan against the CIDDS. To facilitate use of the table, the following are provided to explain the column headings:

<i>CIDDS Standard Number:</i>	The numbers used in the CIDDS to identify various development and design standards.
<i>Name:</i>	The name/title used in the CIDDS, associated with the CIDDS Standard Number. If no title is provided, a brief description is used in parenthesis, e.g. 14.4.A.5 (primary entrances)
<i>Future Staff Review:</i>	These standards are not reviewed with this Land Plan and will be reviewed with future land use and construction permits.
<i>DC Review, this permit:</i>	DC is reviewing this standard with this permit. The columns to the right of this column provide additional information on how the item was reviewed by Staff.
<i>Acceptably Addressed:</i>	√ - Staff believes this item has been acceptably addressed as shown or described in the Land Plan. This item will receive further review with future land use and construction permits when additional detail is provided.

Basis for Condition: √ - Staff believes this item necessitates clarification or changes to comply with the CIDDS. These conditions will be addressed with future permits for land use and construction.

Chapter 1: Purpose and Applicability

The purpose of the CIP and CIDDS are to provide the tools for implementing an inspiring, animated, and connected urban community where pedestrians are priority, requiring buildings and open space that are openly inter-related, designing sites that make a positive contribution to the Public Realm, attracting businesses that complement the Central Issaquah vision, and creating a place where people of all income levels and diversities are drawn to live, work, and play.

Section 1.1.C, Applicability: As the Costco Property contains existing buildings and site work that are not compliant with the CIP and CIDDS, the Development Agreement has worked to define when the existing development would be required to increase compliance with the CIP and CIDDS and when full compliance would be required. See DA Section 6.

Section 1.1.D, Interpretations: As with any application, especially one of this size and complexity, there are likely inconsistencies, conflicts, and incomplete information, which will be resolved with future land use and construction permits. Any inconsistencies, conflicts, or incomplete information, other than those addressed directly by this permit’s Notice of Decision shall be resolved by the Designated Official, in consultation with Costco, utilizing the DA, the Land Plan, the CIP, and CIDDS, at the time of the future application. (Note that Section 1.1.D refers to the Director or their designee, while the Development Agreement uses a Designated Official. These terms can be used interchangeably.)

Unless expressly identified in the Development Agreement, approval of this Land Plan does not adjust any City or Central Issaquah standards, which are in conflict with the elements of the Land Plan, though the Land Plan and Staff Report do provide guidance on how the City and CIDDS standards may be applied or interpreted on the Costco Property. Adjustment of the standards as part of the current permit review requires an explicit approval in the Development Agreement, the Development Commission’s Recommendation for this Land Plan, or a separate Administrative Adjustment of Standards as allowed under Chapter 1.0.E (Administrative Adjustment of Standards Flexibility). However, in no case does this preclude Costco’s option in the future to apply for an adjustment, as allowed by the Development Agreement or CIDDS. The collaborative process between the Applicant and the City, described in the Development Agreement and CIDDS, will be used on future land use and construction permits, including the possible use of Administrative Adjustment of Standards under CIDDS Chapter 1.E.

Chapter 2: Definitions Specific to CIDDS

Chapter 2 contains definitions for terms used throughout the CIP and CIDDS. These are additive to the definitions in the Land Use Code. Also note that Exhibit E of the Development Agreement contains additional definitions. These are unique to the Development Agreement. Capitalized words in this staff report are defined terms in this Staff Report, CIDDS Chapter 2.0, or DA Exhibit E.

Chapter 3: Procedures

Chapter 3 provides for the procedures of processing permits within the Central Issaquah area. The Land Plan is a component of the Development Agreement. The Land Plan is receiving a Level 3 review in that the Development Commission is both reviewing it and making a recommendation to the City Council. State Law authorizes Development Agreements in RCW Section 36.70b.170, and the City Council has chosen that they must approve them. Therefore, the Council will be the decision-maker for all elements of the Development Agreement, including the Land Plan. Prior to Council's decision on the Development Agreement, the Development Commission will hold two public meetings and the City Council will hold a public hearing.

Section 3.8: See Staff Report Section III regarding Public Notice. This has been modified as Chapter 3 does not cover Development Agreements. Public meetings before the Development Commission are scheduled for August 20 and September 3, 2014. The Public Hearing on the Development Agreement, which includes an Amendment to the Pickering Place Master Plan, has been scheduled for September 15, 2014. Property owners within 300 feet of the application area have been notified; the property has been posted; and, notice has been placed in the Issaquah Press regarding both the Development Agreement and Master Site Plan Amendment permits including:

- Notice of Application, Public Meeting, and Public Hearing mailed: August 8
- Site posting is in progress and will occur consistent with the requirements for a Public Hearing.
- Public hearing notice to be published in the Issaquah Press: August 20 and Sept. 3

Chapter 4: Zoning Districts, Uses, and Standards Summary

The intent of Chapter 4 is to establish zoning districts to allow for a livable, sustainable, mixed use, urban community; balance environmental concerns with development pressures; and to ensure the health, welfare and safety of those who work, live and play in Central Issaquah. See Attachment 1 for additional detail.

The zoning of the property is "UC" (Urban Core), and office and retail are permitted uses. The Intent of the Urban Core Zone "...is to provide a dense, vibrant, pedestrian friendly urban environment. Uses are mixed residential, commercial and office with active first floors that provide pedestrian interest." The project is proposing high density office and lower density retail. Though residential is an allowed use in the UC zone, it is not being entitled as part of the Development Agreement, and additional review is required for Costco to provide residential uses. See DA Exhibit E, Definitions, #20 Minor Amendment (to be provided). Also mixed use with office is encouraged by the CIDDS, but is not required.

Table 4.4, District Standards Table:

- The total entitlement built on the existing Costco property will surpass the minimum FAR established for the Urban Core zone. In addition, up to 45 acres of Expansion Areas can be added to the Properties and still achieve the minimum FAR. Further property within the Expansion Area may be added, provided that Costco demonstrates a plan for compliance with the CIDDS minimum FAR requirement. See DA Section 1.a, DA Exhibit F.

- Building heights are proposed between 3 and 10 stories, consistent with the height limitations established for the Urban Core zone. See CIDDS Chapter 5, DA Section 1.b, and DA Exhibit G for information on density bonus.
- Setbacks: complies
- Build-to: See Chapter 11 of the Staff Report for the interpretation of compliance.

Chapter 5: Density Bonus Program

Density Bonus to increase building heights up to 125 feet and to increase a Floor Area Ratio up to 5 are applicable to this project. See DA Section 1.b and DA Exhibit G for more information on compliance via dedication of land and payment.

CIRCULATION Development and Design Standards (Chap. 6 and 12)

Design and Development Standards covering the same subject (i.e. circulation, community space, parking, landscape) are paired together even though the chapters are not sequential.

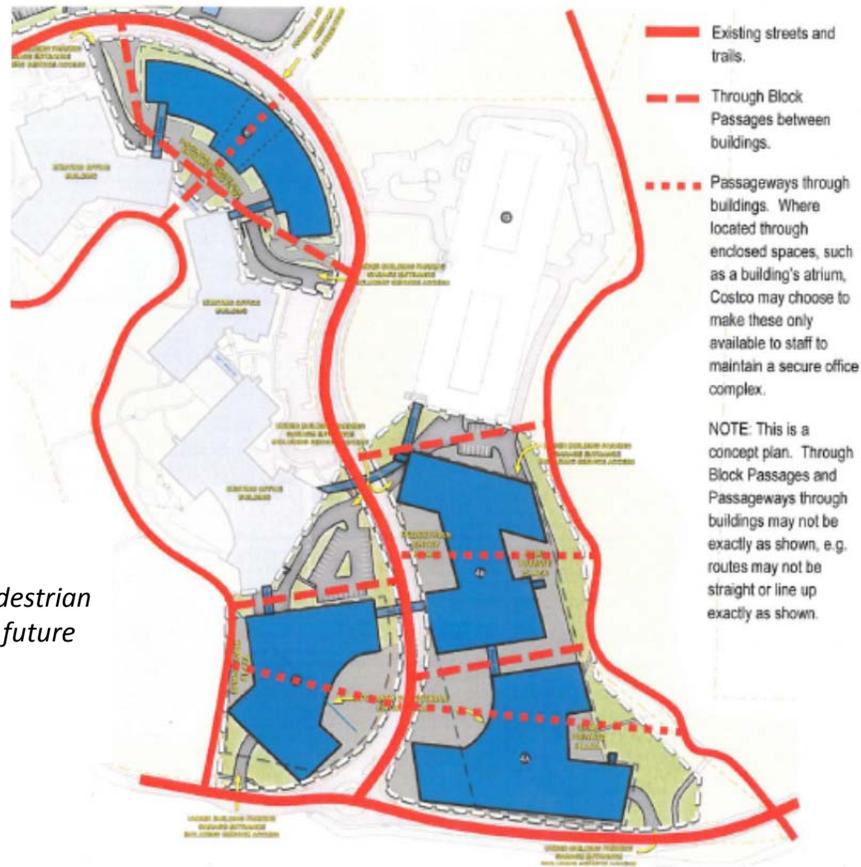
Chapter 6: Circulation Facilities Development Standards:

Chapter 6 provides the appropriate standards to establish design, configuration, and performance of all Circulation Facilities that serve this project including non-motorized routes. See Attachment 1 for additional detail regarding the review of this Chapter.

6.2.A, Block Length: Generally the Costco office buildings are not built into, nor could easily be adapted to, a traditional grid block system since Issaquah Creek, Pickering Place Pond, etc... limit through streets from being constructed. The existing Shared Used Routes (see CIDDS Fig 7B) constructed behind the buildings and along the creek and pond are about 300 ft from Lake Dr and meet this section’s requirements in one direction, i.e. the north/south connections. (See map below) However, it is necessary to provide regular connections between Lake Drive and the Shared Use Routes to meet the requirements in the other direction, i.e. the east/west direction. (See map below for concept of proposed connections.) Gaps between buildings will provide the opportunity for regular connections; however, these may not be at the frequency required by this section of the CIDDS. In addition, Through Building routes, either as open arcades¹ (e.g. Building 6 possible design) or enclosed atriums² within buildings could work. It should be noted, that Costco maintains a secure office complex. Where an enclosed atrium is used to meet this requirement, Costco has the right to allow that only Costco staff and invitees would be able to access this through route. Since a very high percentage of users of this area will be Costco staff and these connections are not part of a street grid system this is acceptable, within the context of regular routes between buildings as shown below. The plan shown below is a concept and not the exact configuration that will be constructed. As a performance standard used to evaluate future land use and construction permits: staff has reviewed these plans as providing connections between Lake Dr and the trails behind the buildings (Pickering Pond trail and Pickering Trail) in two ways: 1) outside Through Block Passages between buildings and 2) internal building Passageways via main entryways from street-side plazas and trail-side plazas. (See map below.) **[Condition #1]**

¹ In this permit, an Arcade is a covered passageway, through/under a building, with openings at either end (i.e., no doors).

² For this permit, an Enclosed Atrium is a lobby or interior gathering space, with glass and doors on at least one side, often multi-story.



Existing and future pedestrian routes associated with future office buildings

The retail warehouse is located in a superblock, approximately 600 ft by 1000 ft. With the location of the existing warehouse building and the configuration of the parking it is not possible for this block to fully comply with CIDDS until such time as the block is completely redeveloped, and at present Costco has no plans to redevelop the retail warehouse property. In the meantime, the Land Plan shows existing east/west and north/south pedestrian routes for pedestrian accessibility through the block. See Page 7 of the Land Plan and the excerpt of it below.



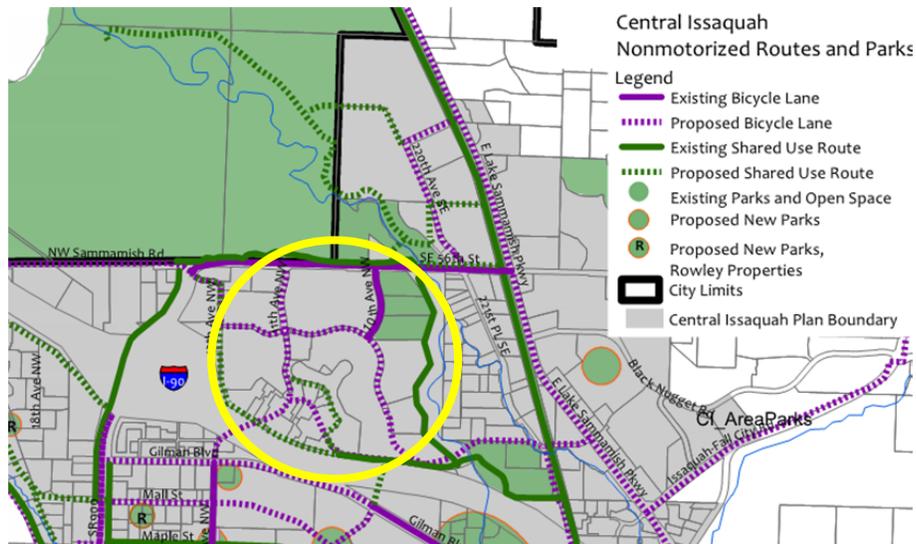
Above: Through block pedestrian routes within the retail warehouse block.

Vehicular access to the Costco Property is currently provided by NW Sammamish Rd and 17th Ave NW/SR 900. These are public roads as are 11th Ave NW and 10th Ave NW. Improvements to the vehicular circulation system are essential to accommodating the 1,500,000 sq.ft. of Future Development. This includes a new road, connecting to East Lake Sammamish Pkwy SE, at approximately SE 62nd St. The suite of road improvements and their funding are described in DA Exhibit H, Master Transportation Funding Agreement (MTFA).

Per CIDDS Fig 6A, all roads within the office complex are identified as Core Streets. The Development Agreement adjusts the Core Street standard in DA Section (to be provided). Currently the existing streets do not comply with the modified Core Standard. Required local street improvements will be identified and listed in the MTFA, DA Exhibit H.

All streets are shown in the Land Plan as completing the sidewalks on either side of the street except a segment east of the Costco gas station. At the time future land use and/or construction permits are reviewed, a determination will be made if this segment is appropriate or an adjustment is allowed, unless it is addressed in the DA or DA Exhibit H, MTFA. Given that no mid-block crossings exist, the review will include what alternatives are available to complete pedestrian routes consistent with CIDDS. **[Condition #2]**

Bicycle facilities standards are provided in this Chapter, but the locations are identified by Exhibit 4 of the CIP, shown below. CIP Exhibit 4 indicates that all streets provide or will provide bike lanes. The Development Agreement includes provision of bike lanes on the modified Core Street road sections, which implements CIP Exhibit 4.



Above: Bicycle routes depicted in CIP Exhibit 4

Shared Use Routes are discussed below with Chapter 7.

The Land Plan introduces a new element: Skybridges. These aren't clearly addressed in the CIDDS but are considered a key functionality element by Costco, which currently uses two skybridges between its existing office buildings. In DA Section 12 (to be provided), criteria for the placement and design of skybridges are provided. The Land Plan appears consistent with DA Section 12, though further review with future land use and construction permits is necessary. In addition to the two images of skybridges provided in the Imagery (Staff Report Attachment 4, #1-07 and #3-01), the following are provided as further acceptable skybridge designs, but are not intended to foreclose other architectural designs that meet the DA Section 12 criteria. **[Condition #3]** Staff supports Costco's use of skybridges as they maintain a secure corporate office complex while allowing for smaller buildings that accommodate the frequent pedestrian connections envisioned by the CIDDS.

Guidelines for Skybridges are as follows:



This skybridge uses a single support to make a strong architectural statement while the bridge itself is simple and transparent.



Look for opportunities to use the supports for a skybridge to add visual impact to the design.

Both of the above skybridges are memorable and/or sculptural which is especially important when they located in visually prominent locations.



This skybridge is designed to both frame a public plaza and mark the passage between two areas of a campus.



Though this skybridge is multi-level, it is very transparent while architecturally strong. The supports mark a gateway.

Chapter 12: Circulation Design Standards

The purpose of the Circulation Design Standards is to prioritize non-motorized users and to emphasize the role of Circulation Facilities in achieving the goal of Public Space. The Future Development complies with the design standards at the level of information currently provided.

See Attachment 1, which provides a standard-by-standard evaluation.

COMMUNITY SPACE Development and Design Standards (Chap. 7 and 13)

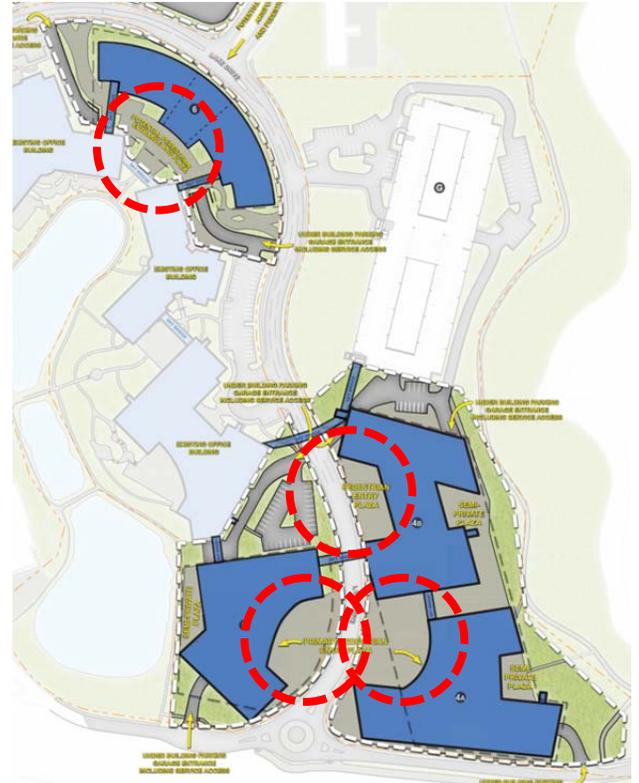
Design and Development Standards covering the same subject (i.e. circulation, community space, parking, landscape) are paired together even though the chapters are not sequential.

Chapters 7: Community Space Development Standards

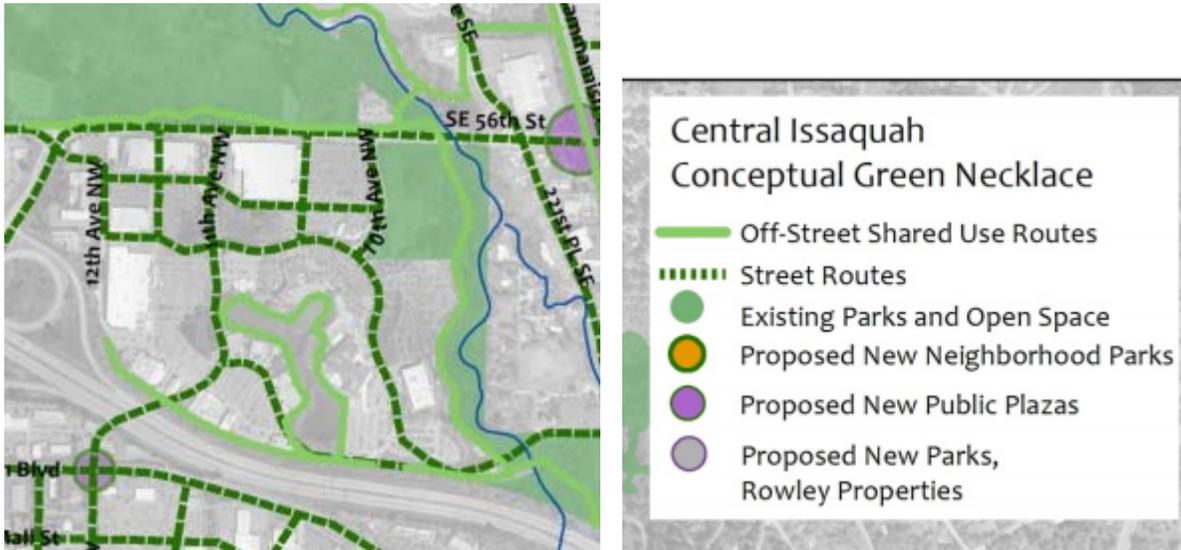
Chapter 7 provides the standards to show how building design and Community Space are connected and related, that the site makes a positive contribution to the Public Realm, and that significant Community Space is located within or adjacent to the District. See Attachment 1 for additional detail regarding the review of this Chapter.

Non-residential uses, such as office and retail, are required to provide a minimum amount of Community Space. Buildings 4A, 4B, and 5 provide them along the street, creating an entry into the building. Building 6 places its on the pond side of the building. At this level of information, it appears that the Land Plan complies with CIDDS. In addition, the Land Plan shows the existing elements being retained such as green areas and gathering spaces (amphitheater, semi-public terraces) around the pond. As a clarification to both the definition of Public Realm and Community Space in the CIDDS, Community Spaces on Costco Property are privately owned. Use of their property is intended for employees, vendors, their guests, and invited visitors only.

No new significant plazas or parks are shown in this area on Figs 7A or 7B. However two existing Shared Use Routes are shown: Pickering Trail and the trail around Pickering Pond. The Pickering Trail is 8 or so feet wide, while the Pickering Pond trail is 5 ft wide. The new pedestrian routes discussed above under Chapter 6 will connect to these existing Shared Use Routes, which are owned by the Pickering Place Owners Association. In addition, a new Shared Use trail is shown along the north side of I-90, though this will be constructed as part of the MTFAs improvements, described in DA Exhibit H. It should be noted that the Expansion Areas include Significant Public Plazas which could be Costco's responsibility if development occurs out there. This will be reviewed as part of future Land Use Permits.



The elements of the Green Necklace anticipated in this area are the Issaquah Creek, its buffers, and street trees and street greenery. This is consistent with CIDDS.



Above: CIDDS Fig 7A

Chapter 13: Community Space Design Standards

The purpose of the Community Space Design Standards is to interrelate buildings and community spaces and have the site positively contribute to the Public Realm. The Land Plan complies with the design standards at the level of information currently provided.

See Attachment 1, which provides a standard-by-standard evaluation.

PARKING Development and Design Standards (Chap. 8 and 15)

Design and Development Standards covering the same subject (i.e. circulation, community space, parking, landscape) are paired together even though the chapters are not sequential.

Chapter 8: Parking Development Standards

The intent of the parking chapter is to establish parking standards based on urban rather than suburban densities that support a pedestrian-friendly environment and attractive urban design. See Attachment 1 for additional detail regarding the review of this Chapter.

Parking ratios (minimum and maximum) for office uses are in the Development Agreement and the Land Plan match what is provided in the CIDDS, though it should be noted that structured parking is exempted from maximums in the CIDDS. Surface parking ratios (maximum) for retail uses are modified by DA Section 10, either for parking stall size or maximum number, at the applicant's choice. These alternatives maintain a constant impervious surface in the retail area but give Costco flexibility to decide which characteristic is more important. See DA Exhibit D for parking calculations and Attachment 7 of this Staff Report. For the offices, the Land Plan meets the CIDDS required minimums. While this may be aggressive, Costco has one of the most successful CTR/TMAP programs in the State. (CTR, Commute Trip Reduction; TMAP, Transportation Management Action Plan) Off-site parking is not allowed, without utilizing the Parking Tools in CIDDS Section 8.13, none of which are currently proposed. As future phases are reviewed these may be necessary and/or appropriate.

Parking layouts are also not shown but in the Land Plan most of the parking will be in an expanded parking garage (adding two more levels) as well as some under the buildings and some in a few small

lots. No specific layouts were shown and these would be reviewed with future land use and construction permits.

The DA Section (to be provided) identifies that the Future Development is creating a Parking District as allowed in CIDDS Section 8.14. This allows for shared parking between properties.

No information is provided regarding loading and may be appropriately adjusted in the future based on the office's and retail's actual needs.

Chapter 15: Parking Design Standards

The purpose of the Parking Design Standards is to use a more urban approach to parking to support a pedestrian friendly, small scale, mixed use environment and contribute to the Public Realm. The Land Plan complies with the design standards at the level of information currently provided. The following summarizes compliance, or where appropriate, the basis for Land Use or Construction Conditions.

See Attachment 1, which provides a standard-by-standard evaluation.

Consistent with CIDDS, the office portion of the Land Plan eliminates most surface parking in favor of a structured garage or parking under buildings. A small triangular lot is proposed between Buildings 3 and 5, in addition to the existing surface lots in front of Buildings 1, 2, and 3. Parking between buildings and streets is inconsistent with CIDDS but the parking may remain as long as compliance isn't triggered; see DA Section 6 for when compliance is triggered. The garage wasn't permitted under CIP or CIDDS, and thus isn't wrapped with commercial, for example as described in CIDDS Section 15.3.B; however, it is located behind a wetland which diminishes its presence from the street, consistent with CIDDS. Costco proposes adding two additional floors to the garage to accommodate the future office buildings, and during its design and review, compliance with CIDDS will be incorporated as reasonably possible, unless specified in the DA.

Access to the garage is already established. In the Land Plan, access to each underbuilding parking level is shown from one or two points. Underbuilding parking access will need future review for impacts to traffic, queuing, intersections, and compliance with CIDDS, and the IMC where appropriate.

In contrast, the retail warehouse proposes maintaining its large parking field as an existing use. Use of surface parking to meet the retail warehouse's parking needs is unlikely to change unless and until the retail warehouse is fully redeveloped; see DA Section 6. However, as possible with additions and modifications to the retail warehouse, opportunities to incrementally comply with CIDDS will be explored.

Chapter 9: Signs

Chapter 9 provides the standards for signs. The Land Plan does not include a request for project signage. It should be noted that DA Section 8 contains an adjustment to the CIDDS sign code for Corporate Identification Signs, though none are proposed with the Land Plan and thus would require a separate future review.

LANDSCAPE Development and Design Standards (Chap. 10 and 16)

Design and Development Standards covering the same subject (i.e. circulation, community space, parking, landscape) are paired together even though the chapters are not sequential.

Chapter 10: Landscape Development Standards

Intent: Chapter 10 provides landscaping standards with the intent to draw nature into the developing urban community, adding green elements to soften the urban form, and create a livable, verdant, attractive Public Realm that restores nature and human activity and contributes to the success and establishment of the Green Necklace. See Attachment 1 for additional detail regarding the review of this Chapter. No landscape information was provided with the Land Plan, except as may be inferred by the Imagery in Exhibit D and Attachment 4 to this Staff Report. All landscape review will be with future permits.

Chapter 16: Landscape Design standards

The purpose of the Landscape Design Standards is provide a variety of green elements to implement the Green Necklace, soften the built environment with landscape, integrate development with the natural environment, and use landscape as screening where necessary. The Land Plan complies with the design standards at the level of information currently provided. The following summarizes compliance, or where appropriate, the basis for Land Use or Construction Conditions. See Attachment 1 for additional detail regarding the review of this Chapter. No landscape information was provided with the Land Plan, except as may be inferred by the Imagery in Exhibit D or Attachment 4 to this Staff Report. All landscape review will be with future permits.

Chapter 11: Site Design

Chapter 11 establishes site design standards that orient development so that it defines the Public Realm and improves the pedestrian experience. Pedestrian and bicycle circulation needs are raised to a priority with motorized circulation priorities while ensuring that the design does function for motorized transportation.

See Attachment 1, which provides a standard-by-standard evaluation.

One aspect of design that comes up in various chapters of the CIDDS are views and vistas that give a sense of place as well as considering what terminates a view or vista. [e.g. CIDDS Section 11.2.G, 13.2.B.5] Review of these will necessitate careful consideration of building placement relative to existing or possible views and vistas. For instance, Building 6 terminates the 10th Ave vista and its design should do so consistent with CIDDS. The Land Plan proposes a possible arcade that could create views to Building 6's pond-side plaza, which would be consistent with CIDDS, though other solutions would also meet the CIDDS requirements. The center of the roundabout at Lake Dr and the new road, south of Buildings 4A and 5, should be a strong visual element at the end of Lake Dr. In addition to on-site opportunities, views to the Issaquah Alps are also available within the office complex. As possible, while increasing density and height, preserve these views for context and orientation. For instance, these vistas may be available via road corridors. Or they may be visible where there are larger open spaces such as the Pickering Place pond. This review will occur with future land use and construction permits.

In CIDDS Chapter 4 (District Standards) no minimum building setbacks are required and a Build-To Line or Maximum Setback of 10 ft is identified for the Urban Core (Table 4.4). In addition, CIDDS Chapter 11.3 Sections F (Streetwall), G (Minimum Building Frontage), H (Corner Building Frontage), I (Community Space as Building Frontage), and J (Alternative Building Frontage) particularly come into play. These sections specify that the buildings in the Urban Core have 75% of their Building Frontage at or within 10 ft of the property line/street, though the presence of a Community Space can reduce that by 10%. Also at corners, the first 60 ft along both streets must meet the build-to line. The intent is to ensure that along each block, there's a strong presence of a Streetwall, reinforcing the street and establishing the Public Realm while also accommodating spaces for the community and landscape, adding visual interest, and contributing to the Green Necklace. In addition, CIDDS Chapter 14 (Buildings) also has provisions related to Streetwalls and setbacks which are relevant to the Land Plan and this topic, including 14.2.D, 14.2.E, 14.2.F, 14.3.A.5.

Some characteristics of the Costco property, established with the original Pickering Place Master Plan, make achieving this difficult. The Central Issaquah area has a generally rectilinear and geometric street network, and the new streets anticipated and/or required by the CIP and CIDDS would also be rectilinear and/or geometric; however, Pickering Place has a curvilinear street network. While streets might be added, there's no expectation that the street network would be rebuilt to eliminate the curvilinear streets. In addition, existing topographic features such as Issaquah Creek and Pickering Place pond make the introduction of additional streets, to subdivide the office blocks, virtually impossible. Finally, the Costco office buildings are not on separate parcels. This is substantive since the percentages specified are relative to the parcel or block frontages.

The Land Plan instead meets the intent of these standards in more of a performance standard than a prescriptive one. Generally it shows buildings that:

1. Create a Streetwall to fullest extent practical or feasible without forcing all building designs to be curved
2. Create frequent, consistent, and strong edges for the Public Realm
3. Provide Community Spaces in locations, sizes, and designs to complement the buildings
4. Shape the Public Realm and Community Spaces in thoughtful, useful ways, appropriately sized for activities other than just entering and exiting the building

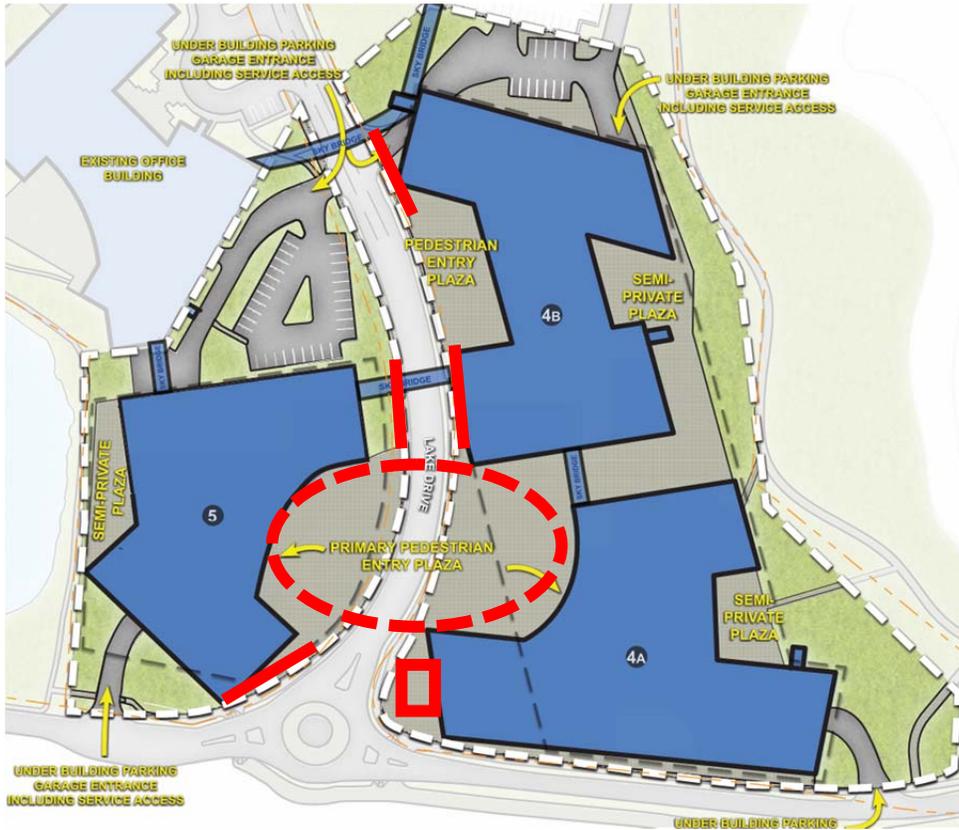
Where the building placement does not strictly comply with CIDDS, future permits will utilize tools such as CIDDS 11.3.J that provide elements that stand in for the missing Streetwall. Where streets are straight, such as along the southern edge of Building 4A, the buildings will meet the setback requirements.

There are some aspects of the design that must be fine-tuned with future land use and construction permits (and as shown below):

- Where setbacks are provided, make them a purposeful use of the land not a buffer between sidewalks and buildings
- Both wings of Building 5 must have a better relationship with the street. For instance, the northern wing must be brought into proximity to the street, approximately consistent with the Building set-to line. The southern wing can be rotated to tangentially relate to the curved street. Likewise the northern wing of Building 4B can be rotated to relate to the street.
- The southern wing of Building 4A needs to fulfill the corner requirements to the extent possible, given the intersection's acute angle.

- The Community Spaces associated with Building 4A and Building 5 should relate to each other across Lake Dr and cohesively shape space.
- The skybridge between Building 5 and Building 4A should be both a gateway and additional element framing the Community Space mentioned above.
- The Community Space southwest of Building 6 should be framed by the buildings as well as the skybridges that provide a pleasant container for it.

[Condition #4]



Above: refinement of building placement to comply with the CIDDS

The Narrative provides information on the process Costco anticipates will be used for review of setbacks; however, the Development Agreement and CIDDS establish the procedures for review of site plans with future land use and construction permits. The Development Agreement and CIDDS will determine the procedures used in the review of building placement, setback design and use, etc....

As discussed elsewhere in the Staff Report, the retail warehouse won't likely be brought into compliance with the CIDDS unless and until it is fully redeveloped. When and if there are exterior remodels, additions, and new elements are added, these will be addressed by the process set forth in the DA. For instance, if a future car wash is proposed, building and site elements will engage the adjacent pedestrians as described in the CIDDS.

Chapter 14: Buildings

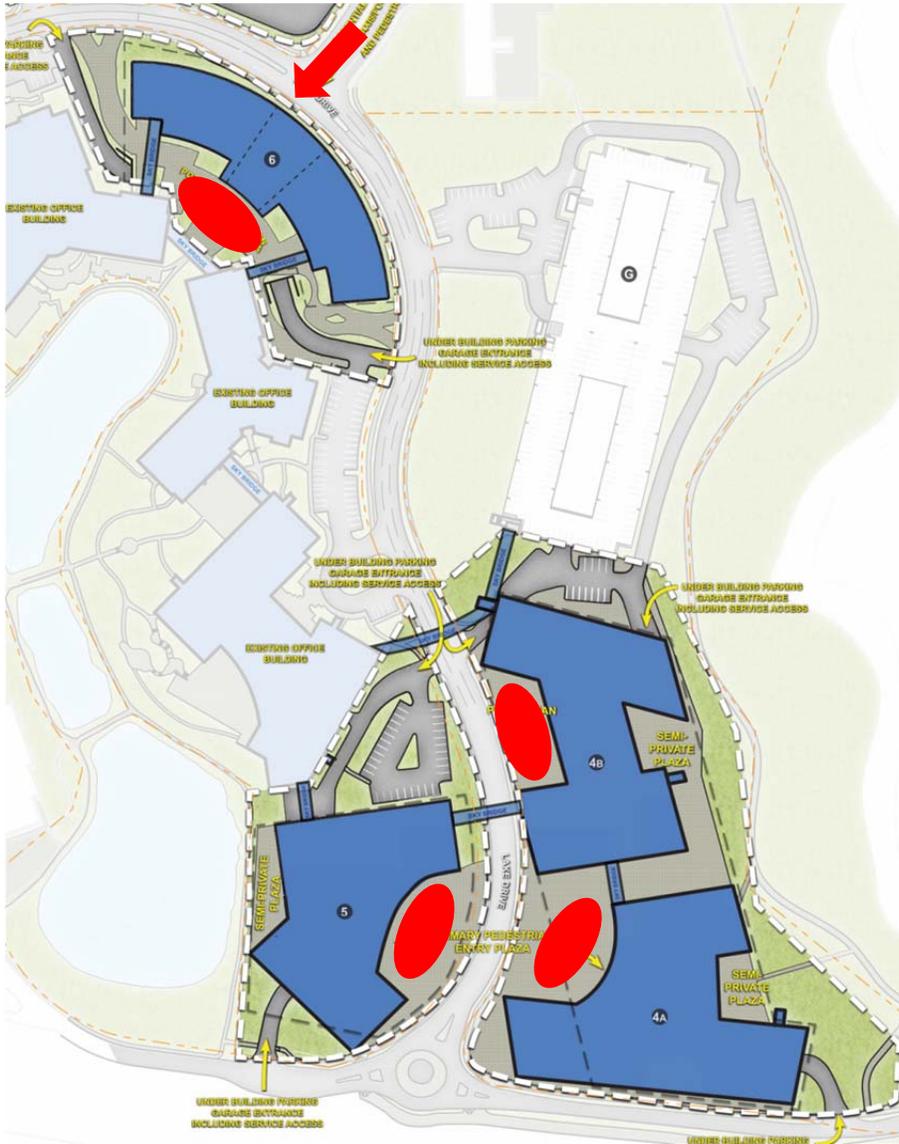
Chapter 14 establishes building design standards that create a vibrant, Pedestrian Friendly, built environment through buildings designed to frame and engage the Public Realm. See Attachment 1 for additional detail regarding the review of this Chapter.

No specific building designs are provided with the Land Plan, though the Imagery in DA Exhibit D and Staff Report Attachment 4 create a style and material guide. Additional review will occur with future land use and construction permits. However some aspects of the CIDDS can be touched on now.

See CIDDS Chapter 11 for discussion of setback and Streetwall elements for the following CIDDS Building standards: 14.2.D, 14.2.E, 14.2.F, 14.3.A.5.

Per CIDDS 14.4.A.5 primary entrances shall be accessible and visible from Circulation Facilities, preferably a street. Buildings 4A, 4B, and 5 show "Pedestrian Entry Plaza" along the street, implying that entries will be located there. (See Land Plan Page 2, and below) Building 6 has a "Pedestrian Access" from Lake Dr and a "Pedestrian Entrance and Plaza" on the pond side. (See Land Plan Page 3, and below) Finally, Building 1's parking lot and entry area are modified by the new vehicular entry to Building 6's garage and plaza. As such Building 1's route from the sidewalk to the front entry needs to comply with the CIDDS as described therein, which is different than that shown in the Land Plan.

[Condition #5]



Above: Acceptable building main entry locations

Chapter 17: Lighting

Chapter 17 provides the standards for lighting. No lighting is provided with the Land Plan. It should be noted that DA Section 7 allows use of the existing light poles in the retail warehouse parking lot and the conditions under which they may be retained.

VI. Master Site Plan Amendment

As part of the Development Agreement, Costco is requesting an Amendment to the Pickering Place Master Plan, to eliminate its applicability to Costco Property. (See DA Section 5) Public notice was provided as required and described above in Staff Report Section V (Central Issaquah Development and Design Standards), Chapter 3 (Procedures) as notice was combined for the Development Agreement and Master Site Plan Major Amendment. Per IMC 18.04.160, when multiple permits are submitted, the applicant may opt to have an integrated and consolidated review and decision. Per that section of the code, “The decision of all permits shall be made by the decision-maker of the highest level of review.” In this case that would be the Council, with the single Public Hearing held at

the Council meeting. No specific Approval Criteria for removal are established in IMC 18.04.530 or 18.07.580.660; however, the purpose of eliminating the MSP is to allow Costco, and potentially other property owners within Pickering Place, to use the more recently adopted Central Issaquah zoning, which in some cases conflicts with the MSP.

VII. Shoreline Jurisdiction and Critical Area Regulations

Portions of the Costco Property are located within 200 feet of the Ordinary High Water Mark (OHWM) of Issaquah Creek and are within the jurisdiction of shoreline management review. Also Issaquah Creek and near by wetlands are regulated critical areas. However, no buildings or activities are proposed within these areas. At the time such activities are proposed, the existing IMC regulations and process would apply.



Above: Shoreline Management Jurisdiction

VIII. Additional Review: Departments, Others, Public Comments

Utility Review: Water, Sewer, Stormwater.

Exhibit D or Attachment 5 to this Staff Report includes existing water, sewer, and stormlines, some of which may not be located to facilitate implementation of the Land Plan. As no information was provided regarding future water, sewer, storm line placement or relocation, this will be reviewed against CIDDS and the IMC with future land use and construction permits.

Department Review

Mitigation and Impact Fees:

See DA Section 14, and Exhibit H, MTFA.

Eastside Fire and Rescue (EF&R):

EF&R reviewed the fire access shown on pages 5-7 of the Land Plan. At this level of information, the plan is acceptable. In addition, EF&R will participate in review of future land use and construction permit reviews.

Public Works Engineering:

PWE participated in the writing and preparation of the Development Agreement. As such their comments have been incorporated.

Parks and Recreation Dept.:

The Parks and Recreation Department will review future land use and construction permits.

Building Division of DSD:

The Building Division of DSD will review future land use and construction permits.

Other Reviews

Waste Collection:

As the actual designs and calculations for waste collection have not been prepared, the City's waste purveyor's review will occur with future land use and construction permits.

Public Comment Summary and Staff Responses:

Public notice was provided as required. A Notice of Application was mailed out to surrounding property owners on August 8, 2014. No comments have been received at this time.

IX. Proposed Motion

Based upon the applications, submitted plans, listed Attachments, and rationale contained in the Staff Report, the Administration recommends that the Development Commission recommend to:

Forward DA14-00002 and MSPA14-00002 to the Council with a recommendation to approve, subject to the terms and conditions of the Staff Report dated August 15, 2014, Attachments 1 thru 7, and the following conditions:

1. Incrementally build a connected pedestrian system between Lake Dr and the Shared Use Routes behind the buildings (Pickering Trail and Pickering Pond trail) consistent with the intent of Section 6.2.A. If buildings are longer than 300 ft, open air arcades, enclosed through building atriums, or elements that serve a similar purpose will be provided to implement the Block length requirements of Section 6.2.A. The Land Plan was evaluated and approved with the following level of connectivity being determined to be consistent with the intent of Section 6.2.A, at approximately the frequency shown in the Staff Report illustration: 1) outside Through Block Passages between buildings and 2) internal building Passageways via main entryways from street-side plazas and trail-side plazas, which will have access limited to Costco employees and invited guests; however, the Staff Report illustration is a concept and will likely not be constructed exactly as shown. Entries into and exits from the buildings to the plazas may not be internally connected via a straight line, though the route through the building should be direct and comprehensible for Costco employees.
2. The incremental implementation of the Entitlement will include completing the pedestrian circulation system including sidewalks on both sides of the roads, consistent with the improvements shown in the MTFA, DA Exhibit H. However during future land use and/or construction permit review, the Applicant may request an Administrative Adjustment of Standards consistent with the provisions and procedures of the CIDDS.
3. In addition to the review criteria and standards in DA Section 12, the design and review of Skybridge's will use the images and captions provided under Chapter 6 of this Staff Report and in the Imagery (Staff Report Attachment 4) as illustrative guidelines.
4. With future land use and construction permits, building and Community Space design and placement shall meet the purpose and intent of the CIDDS, where due to existing curvilinear streets, property lines, block length, the secure nature of Costco buildings, etc... it is not possible to meet the strict letter of the standards. Site plans will:

- Locate buildings to create a Streetwall to the extent practical or reasonable without forcing all building designs to be curved
- Place buildings to create a container for the Public Realm
- Provide Community Spaces in locations, sizes, and designs to complement the buildings
- Use buildings and other elements to shape the Public Realm and Community Spaces in thoughtful, useful ways, appropriately sized for activities other than just entering and exiting the building
- Where setbacks are provided, make them a purposeful use of the land not a buffer between sidewalks and buildings
- Where the building placement does not strictly comply with CIDDS, future permits will utilize tools such as CIDDS 11.3.J that provide elements that stand in for the missing Streetwall.
- At corners, maximize the presence of buildings to comply with CIDDS 11.3.H to the extent possible.

Where streets are straight, such as along the southern edge of Building 4A, the buildings will meet the CIDDS requirements.

5. Each new Building (4A, 4B, 5, 6) shall provide a primary entry into the building from the street, though security may limit who enters the building. Building 6 may have its public entry from the pond side plaza, consistent with the CIDDS; however, a staff only entry shall be placed on Lake Dr, and positioned and designed to reinforce the vista and communicate that it is a primary building entry, unless an arcade is provided approximately as suggested in the Land Plan. Building 1's entry route from the street to the door shall be reasonably redesigned during the future land use and construction permitting process for Building 6 to make the sequence consistent with the CIDDS as practical and reasonable.

X. Attachment List

- Attachment 1: Costco Land Plan: CIDDS review (August 15, 2014)
- Attachment 2: Costco Conceptual Site Development Plan, pgs 1-7, (DA Exhibit D, Land Plan), received August 13, 2014
- Attachment 3: Costco Development and Amenities Plan, pgs 1-2, (DA Exhibit D, Land Plan), received August 13, 2014
- Attachment 4: Costco Imagery for Costco Campus, Issaquah, pgs 1-3, (DA Exhibit D, Land Plan), received August 13, 2014
- Attachment 5: Costco Campus Master Plan, Utilities (water, sewer, storm, power, road), pgs 1-6 [labeled Fig. 1-5B] (DA Exhibit D, Land Plan), received August 13, 2014
- Attachment 6: DA Exhibits, received August 13, 2014:
 - Exhibit A: Legal Description
 - Exhibit B: Pickering Place and Costco Property Development Agreement Boundary
 - Exhibit C: Potential Expansion Area
 - Exhibit F: FAR Calculations
- Attachment 7: Costco Corporate Campus Existing Parking Count and Land Plan Parking Forecast (DA Exhibit D, Land Plan), received August 13, 2014

CIDDS Standard Number	Name	Future Staff Review	DC Review, this permit (see to right)	Acceptably addressed; will review again with future permits	Basis for condition	Other/Comments
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Chap 01 PURPOSE AND APPLICABILITY						
1.1.C	Applicability	√				Revised by the DA; see Staff Report for DA reference.
1.1.D	Interpretations	√				The DA contains some interpretations anticipated for the application of CIDDS to the Costco property. Additional interpretations may be necessary in the future.
Chap 02 DEFINITIONS						
2.0		√	√			Use as necessary with the additional Definitions contained in the DA, Exhibit E and in the Staff Report.
Chap 03 PROCEDURES						
3.2	Levels of Review	√	√			The Land Plan is a Level 3 review. Future permits will be reviewed against this permit and as Level 0-3 per DA using the procedures in this Chapter unless modified by the DA. See Staff Report for DA reference.
3.9	Decision					The Land Plan is an Exhibit to the DA. As such, the Council is the decision maker. No separate decision will be issued but DC's recommendation will be added to Exhibit D. The DA with its exhibits will serve as the Decision. Also as the DA interprets CIDDS, the approval criteria include the DA.
3.11	Permit Expiration and Extension	—	—			The DA will establish the time limit for this permit rather than the limits within the CIDDS.
Chap 04 ZONING, USES, STANDARDS						
4.3.A table	Levels of Review	√	√			See Staff Report on Chapter 3, regarding review of the Land Plan and future permits.
4.3.B table	Permitted Uses	√	√	√		Broadly addressed in this permit and as allowed in the CIDDS. See Staff Report and DA Sec. 1.0
4.4 table	FAR	—	—			Placement of all the allowed sq. ft. in existing Costco property achieves the minimum FAR. In addition, up to 45 ac of Expansion Areas may be added and maintain minimum FAR. See DA Sec. 1.a and DA Exhibit F for

	Height	√	√	more info.		Within allowed range, up to max
	Setbacks	√				Appears to meet
	Build-to-line	√				See interpretation in Staff Report Chapter 11 re curvilinear streets
	Impervious	√				
	Footnote 5, build-to	√				Use Chap 11.3.F etc..
	Footnote 8: residential	—	—			NA, not MF or MU

Chap 05 DENSITY BONUS

		—	—			See DA Sec. 1.b and DA Exhibit G for more info.
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Chap 06 CIRCULATION

6.2.A	Block length Warehouse	√	√	<ul style="list-style-type: none"> n/s: 600 ft, 1 add'l route proposed e/w: 1000 ft, 1 add'l route if fully redeveloped 		The east/west site needs more than one additional route to comply; however, the anticipated additions and modifications wouldn't trigger the compliance per the DA, thus full compliance isn't required (nor possible) until the building is replaced.
	Bldg 6 area	√	√		<ul style="list-style-type: none"> street: 700 ft; optional thru bldg. passage or other methods to comply 	Trail west of Bldgs. 1,2,3,5,6 and east of Bldgs 4A&B is about 300 ft from Lake Dr. meeting the north/south requirement per 6.2.A.
	Bldg 5 area	√	√		<ul style="list-style-type: none"> street: 800 ft (n of Bldg 3 to s of Bldg 5) street: 1200+ ft 	
	Garage/Bldgs 4A&B	√	√			
6.2.B	Existing & New Circ Facilities	√				
6.2.C	Priorities	√				
6.2.D	Overpass/ Tun-	—	—			

CIDDS Standard Number	Name	Future Staff Review	DC Re-view, this permit (see to right)	Acceptably addressed; Basis for condition	Other/Comments
6.2.E	Add'l facilities	??	??		See Staff Report regarding Skybridges.
6.2.F	Nonmotorized routes	✓			Bike lanes are required on Lake Dr
6.2.G	No cul-de-sacs	—	—		
6.2.H&I	Dedication	✓			If Director determines its necessary
6.3	AAS	✓			The DA contains adjustments to the Core Street standard; see DA (to be provided). Additional adjustments may be requested in the future.
6.4	Facilities: Nonmotorized	✓	✓	To respond to 6.2.A, Thru block passage is req'd	
Fig 6A	Auto Inclusive	✓	✓	Modified Core St per DA (to be provided)	Modified Core St.; see DA (to be provided)
Chap 07 COMMUNITY SPACE					
7.2	Green Necklace	✓			
7.3.B.1	Non-res'l on Core St	✓	✓		
7.3.B.1.a	Publicly Accessible Community Space	✓			
7.3.B.1.b	Min Dimensions	✓	✓		
7.3.B.1.c	Location	✓	✓	Bldgs 4A&B & 5	Bldg 6 will need additional design to have plaza located south of bldg. meet this requirement
7.3.B.1.d	Availability	✓			Bldg 6 plaza is not adjacent to street but visible from trail with access both east and west of building
7.3.B.1.e	Direct Ped Connection	✓	✓		
7.3.B.1.f	Req'd Design Elements	✓			

CIDDS Standard Number	Name	Future Staff Review	DC Review, this permit (see to right)	Acceptably addressed; will review again with future permits	Other/Comments
7.3.B.1.g	Indoor-Outdoor Comm. Space	√			
7.4.D & Fig. 7B	Shared Use Routes	√	√	√	Shared Routes are the only Significant Community Spaces shown in the Costco DA area. However, if some of the Expansion Areas shown in DA Exhibit C are brought into the project, other requirements may be triggered. Two of the Shared Routes shown in area are existing, one is proposed. Core St standard will provide elements
Fig. 7A		√	√	√	
Chap 08 PARKING					
8.4	CTR/TMAP	√			Applicant already has these programs in place. They will evolve with phased construction and other triggers.
8.2-3, 8.5-9		√			
Table 8.10-1	Vehicular Pkg: Retail	√			Max in DA; see Staff Report for DA reference. Specific parking layout not shown. Per CIDDS. Specific parking layout not shown.
8.11	Office	√	√	√	
8.12	Bicycle parking Motorcycle parking	√			
8.13	Tools & Flexibility	—	—		None proposed at this time
8.14	Parking District	√	√	√	A parking district will serve office use between properties. Warehouse is not currently proposed to participate but could in the future.
8.15	Barrier-free	√			
8.16	Loading spaces	√			
8.17	Stacking/Drive Through	—	—		
8.18	Design & Construction Standards	√			
Chap 09 SIGNS					

CIDDS Standard Number	Name	Future Staff Review	DC Review, this permit (see to right)	Acceptably addressed; will review again with future permits	Other/Comments
9.0		√			Separate permit review. See Staff Report for DA reference to one CIDDS code adjustment.
Chap 10 LANDSCAPE					
10.2	General	√			
10.3.A	Circulation	√			
10.3.B	Community Spaces	√			
10.4	Parking Areas	√			
10.7	Adjacent to Critical Areas	√			
10.8	Fences, Waste Enclosures, Mechanical Equipment	√			
10.9	Blank & Retaining Walls	√			
10.10	Tree Density	√			
10.12	Tree Removal	√			
10.13	Tree Retention	√			
10.14	Replacement Trees	√			
10.15-17		√			
Chap 11 SITE DESIGN					
11.2.A	Integrate with Nature	√		√	The overall site plan includes a lot of nature, trees, landscape, and trails, etc;
11.2.B	Circulation Priorities	√		√	The basic framework is established in the Land Plan. Review of future land use and construction permits will implement the priorities.
11.2.C	Sense of Place	√	√	√	Costco already establishes a key core to the Pickering District.
11.2.D	Sustainable Site Design	√			

CIDDS Standard Number	Name	Future Staff Review	DC Review, this permit (see to right)	Acceptably addressed; will review again with future permits	Basis for condition	Other/Comments
11.2.E	Sense of Arrival	✓				
11.2.F	Existing Features & Context	✓	✓	✓		Though not specifically addressed in the Land Plan, opportunities are presented: the design of Bldg 6 as the terminus of 10 th Ave, the Community space on either side of the south end of Lake Dr as well as the skybridge between Bldgs 4A & 5 should mark arrival.
11.2.G	Views & Vistas	✓	✓	✓		Take advantage of the creeks, pond, etc... while recognizing the hi water table.
11.2.H	Intuitive Wayfinding	✓	✓	✓		Within the context of the existing roads and buildings, the proposals have some good view termini and views to mountains to the south should be maintained as possible.
11.2.I	Universal Design	✓				The curvilinear street system makes this more difficult but additional wayfinding with future permits can assist
11.2.J	Multi-functionality	✓				
11.2.K	Site Amenities & Street Furniture	✓				
11.2.L	Special Paving	✓				
11.3.A	Pedestrian Connections	✓	✓		✓	This was addressed in detail above with 6.2.A. See discussion there.
11.3.B	Connections to surrounding...	✓	✓	✓		
11.3.C	Emphasize Landscaping	✓				
11.3.D.2	Community Gardens	—	—			Not likely to be appropriate within the office or warehouse areas.
11.3.D.3	Plazas	✓	✓	✓		
11.3.D.1, 4, 5, 6		✓				
11.3.D.7	Community Space: Rec-	✓				

Costco Land Plan: CIDDS review August 15, 2014

CIDDS Standard Number	Name	Future Staff Review	DC Review, this permit (see to right)	Acceptably addressed; will review again with future permits	Basis for condition	Other/Comments
	ommeded Design Elements					
11.3.D.8	Prohibited	✓	✓	✓		
11.3.E	Parking	✓	✓	✓		
11.3.F	Streetwall	✓	✓	✓		See Staff Report for interpretation.
11.3.F.1	Build-to-Line variation	✓				See Staff Report for discussion.
11.3.G	Min. Bldg Frontage	✓	✓	✓		See Staff Report for interpretation.
11.3.H	Corner Bldg Frontage	✓	✓	✓		See Staff Report for discussion.
11.3.I	Community Space	✓	✓	✓		See Staff Report for interpretation.
11.3.J	Alternative Bldg Frontage	✓				This may be a necessary tool to use to fully achieve the intent of 11.3.F-H
11.3.K	Above ground Utilities	✓				
11.4.A	Minimize Impacts	✓	✓	✓		
11.4.B	Bldg Orientation	✓	✓	✓		Bldgs 4A&B plazas toward creek
11.5	Service, Loading, Waste	✓				Currently all buildings are shown in the Land Plan to have service, loading, and waste collection under the buildings. As long as it is functional for the City's waste purveyor, loading, etc... this meets CIDDS.
Chap 12 CIRCULATION DESIGN						
12.2.A	Multiple Routes	✓	✓	✓		Provided, or as conditioned in the Staff Report under Chap 6 will be provided.
12.2.B	Universal Design	✓				
12.2.C	Visual Cues	✓				
12.2.D	Public vs Private Facilities	✓	✓	✓		No distinction made though all roads are currently shown to be public
12.2.E	Multi-	✓	✓	✓		

CIDDS Standard Number	Name	Future Staff Review	DC Review, this permit (see to right)	Acceptably addressed; will review again with future permits	Basis for condition	Other/Comments
	functionality					
12.3.A	Motorized Facility Design	✓				
12.3.B	Minimum Pavement	✓				Road sections are in the DA and provide the initial basis for achieving this.
12.3.C	Ped Safety Measures	✓				
12.3.D	Driveways	✓				
12.3.E	Street Intersections	✓				Likely Not Applicable
12.4.A	General	✓	✓	✓		Existing trails and a complete sidewalk system provide or will provide these routes
12.4.B	Pedestrian Friendliness	✓				
12.4.C	Sidewalk Width	✓				Future permits will review this adjacent to plazas or other gathering spaces
12.4.D	Pedestrian Routes	✓				
12.4.E	Pedestrian Crossings	✓				
12.4.F	Transit Support	✓	✓	✓		10 th Ave and Lake Dr have existing transit stops
12.4.G	Tree Wells	✓				
12.4.H	Bike Circulation	✓	✓	✓		Existing Shared Routes as well as future bike lanes will provide this.
12.4.I	Bike Rails	—	—			Unaware of locations where this applies
12.5.A	Ped Connections	✓	✓			See 6.2.A above
12.5.B	Connections to Surrounding Facilities	✓	✓	✓		To the extent possible with the creek, I-90, Lake Sammamish State Park, and the Pickering Place pond.
12.5.C	Circ Facility Types	✓	✓			See Chap. 6 for compliance.
12.5.D	Private Street	—	—			No surface parking would trigger this.

CIDDS Standard Number	Name	Future Staff Review	DC Re-view, this permit (see to right)	Acceptably addressed; Basis for condition will review again with future permits	Other/Comments
	Design				
12.5.E	Ped Curbs	✓			
12.5.F	Walkway Separation	✓			
12.5.G	ROW Dedication	✓			
12.5.H	Maintenance	✓			
12.6.A-L	Landscaping of Circulation Elements	✓			
Chap 13 COMMUNITY SPACE					
13.2.A	Variety	✓			CIDDS doesn't identify specific locations or facilities. There are many existing facilities serving at least a portion of the need: Pickering Barn, Darst Park, and the Pickering Place pond as well as the area around it. Future evaluation will come in each phase.
13.2.B	Integration	✓	✓		See 7.3.B.1.c. The site is generally flat, so preservation of the limited views to Squak Mtn should be factored into site planning of community spaces, especially by Bltg 6 where views are most likely.
13.3	Connect with Nature	✓	✓	✓	The public community spaces are on the street side while the semi-public spaces are on the trail/creek/pond side. Frequent connections between the street and trail/nature will be necessary, and are discussed above. Unlikely to be applicable with the office or warehouse uses.
13.4	Playscape	—	—		These requirements will be reviewed with future permits.
13.5	Plaza	✓			Unlikely to be applicable with the office or warehouse uses.
13.6	Community Garden	—	—		Unlikely to be applicable with the office or warehouse uses.
13.7	Pet Amenity	—	—		Unlikely to be applicable with the office or warehouse uses.
Chap 14 BUILDINGS					
14.2	General	✓			

CIDDS Standard Number	Name	Future Staff Review	DC Review, this permit (see to right)	Acceptably addressed; will review again with future permits	Other/Comments
14.2.D, E, F	(continuous streetwall, gathering)	✓			See discussion under CIDDS Chap 11.
14.3	Building Mass and Design	✓			
14.3.A.5	(setbacks)	✓			See discussion under CIDDS Chap 11
14.4.A	Ground Level Details: all uses	✓			
14.4.A.5	(primary entrances)	✓	✓	Bldgs 4-6	The modification of the entry to Bldg 1 for the vehicular access to Bldg 6's underground parking will be reviewed with future permits.
14.4.B	Ground Level Details: res'l	—	—		
14.5	Weather Protection	✓			
14.6	Roofs & Parapets	✓			
Chap 15 PARKING					
15.2.A	Location	✓	✓	✓	
15.2.B	Min Parking Appearance	—	—		Most surface parking is eliminated in the office campus. Between Bldgs 1&5 a small triangular lot is proposed. Parking in front of existing buildings and at the warehouse remains as long as those buildings do not have to fully comply with CIDDS. See DA for triggers. Access is from primary circulation facilities which is the last choice but other options are not present.
15.2.C	Driveway Access	✓	✓		
15.2.D-G	General	✓			
15.3.A	Location	✓	✓	✓	Most parking is located under buildings or in a garage, concealed by a wetland
15.3.B	Wrap with commercial	✓	✓	✓	Though the garage isn't wrapped with commercial, it is behind a wetland.
15.3.C	Building Design	✓			The garage floors 1-5 were permitted and constructed prior to CIDDS. Floors 6&7 will be reviewed under CIDDS except as specified in the DA.

CIDDS Standard Number	Name	Future Staff Review	DC Review, this permit (see to right)	Acceptably addressed; will review again with future permits	Basis for condition	Other/Comments
15.3.D-H	Structured Pkg	√				
15.4.A	Connection to Circulation Fac.	—	—			Office parking lots are generally small. Warehouse parking is large enough but unlikely to be significantly modified. Neither is likely to trigger full compliance.
15.4.B-D	Surface Parking	—	—			Office parking lots are too small to qualify. Warehouse parking is large enough but unlikely to be significantly modified, thus not likely to trigger full compliance.
15.4.E-G	Surface Parking	√				
15.5	Bike Parking	√				
Chap 16 LANDSCAPE						
16.2-3	Landscape	√				
Chap 17 LIGHTING						
17.2-10	Lighting	√				



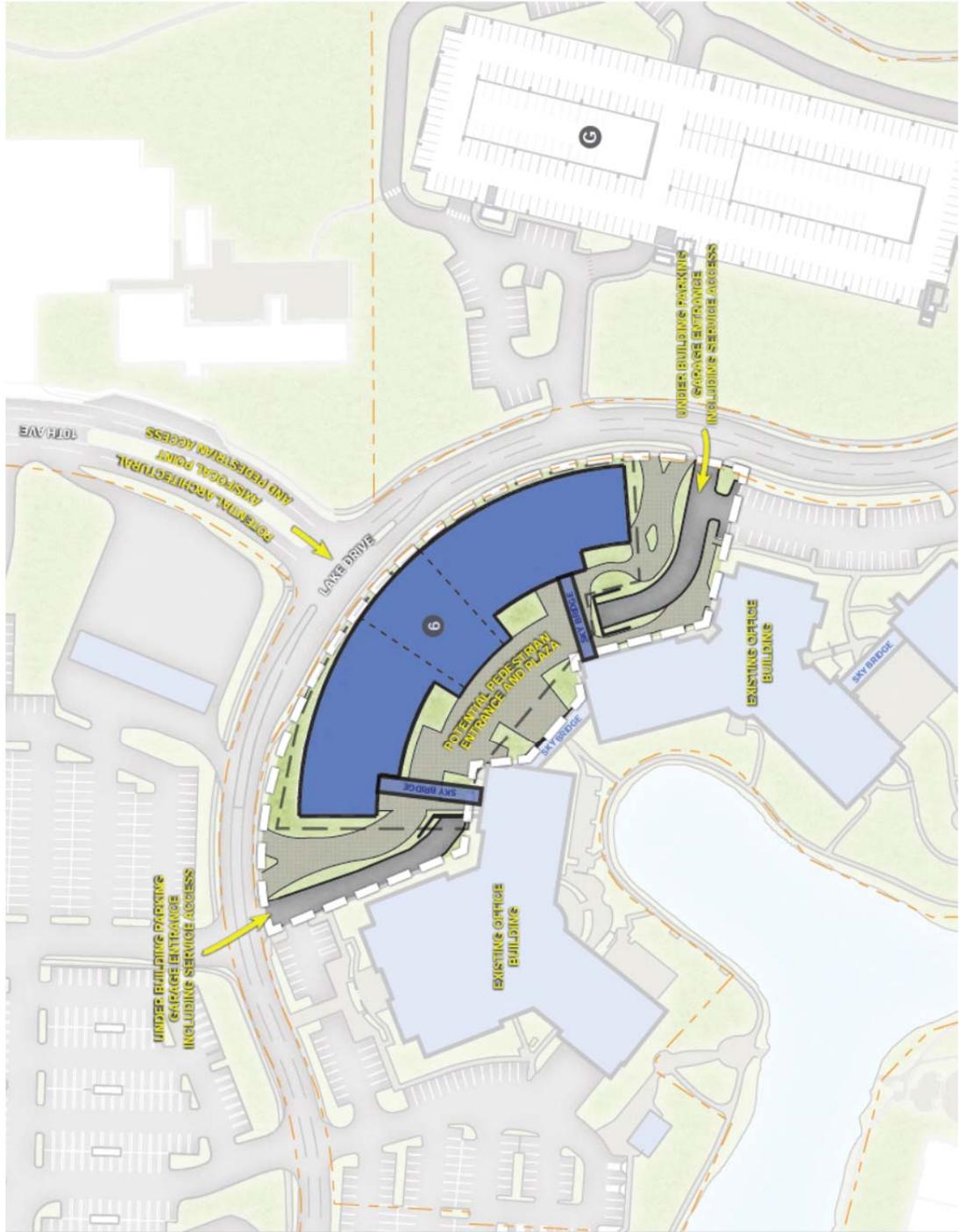


COSTCO
WHOLESALE
CORPORATE CAMPUS

DEVELOPMENT AND AMENITIES PLAN
PROPOSED BUILDING 4 AND 5
REVISED ON 08.05.2014

- LEGEND**
- PROPERTY LINE
 - - - POTENTIAL BUILDING LOCATION
 - - - AREA OF UNDER-GROUND PARKING
 - 4A** BUILDING 4A
STORIES: 3-10
SQ FT. 300K-600K
UNDER BUILDING PARKING:
200-400 STALLS
 - 4B** BUILDING 4B
STORIES: 3-10
SQ FT. 300K-600K
UNDER BUILDING PARKING:
200-400 STALLS
 - 5** BUILDING 5
STORIES: 3-10
SQ FT. 250K-700K
UNDER BUILDING PARKING:
250-500 STALLS

Notes:
 - Building footprints are conceptual and intended to indicate Costco's commitment to complying with the City's codes and CIP guidelines.
 - The building numbers do not imply the order of construction.
 - Semi-public spaces, although adjacent to public parks and spaces, are designed in accordance with the City's codes and CIP guidelines and are not intended for use by the adjacent building's tenants and their guests.



COSTCO
WHOLESALE

CORPORATE CAMPUS

DEVELOPMENT AND
AMENITIES PLAN
PROPOSED BUILDING 6
REVISED ON 08.05.2014

- LEGEND**
- PROPERTY LINE
 - POTENTIAL BUILDING LOCATION
 - AREA OF UNDER-GROUND PARKING

G EXISTING PARKING GARAGE
EXISTING 5 LEVEL PARKING GARAGE
PROVIDES 1,000 ADDITIONAL PARKING
STALLS AND 1700 STALLS AVAILABLE TO
7 STORES AND 1,700 STALLS.

6 BUILDING 6
APPROX. 500,000 SQ FT
UNDER BUILDING PARKING:
250-500 STALLS

Note: Building footprint is conceptual and intended to indicate Costco's commitment to complying with the City's codes and CIP guidelines.
Also the building number does not imply the order of construction.



CORPORATE CAMPUS

DEVELOPMENT AND
AMENITIES PLAN
EXISTING

COSTCO WAREHOUSE
REVISED ON 08.06.2014

- LEGEND**
- PROPERTY LINE
 - - - EXPANSION / DEVELOPMENT AREA

7 COSTCO WAREHOUSE
STORIES: 1
SQ. FT.: 150K-250K
PARKING: 700+ STALLS

Note: Building footprint is conceptual and intended to indicate Costco's commitment to complying with the City's codes and CIP guidelines.

Also, the building numbers do not imply the order of construction.



COSTCO
WHOLESALE
CORPORATE CAMPUS

CIRCULATION PLAN
PROPOSED
BUILDING 4 AND 5
REVISED ON 08.06.2014

- LEGEND**
-  FIRE ACCESS
 -  BIKE LANES
 -  PEDESTRIAN
 -  PROPERTY LINE

Note: Building footprints are conceptual and intended to indicate Costco's commitment to complying with the City's codes and CIP guidelines.

Also, the building numbers do not imply the order of construction.



CORPORATE CAMPUS

**CIRCULATION PLAN
PROPOSED BUILDING 6**

REVISED ON 08.05.2014

- LEGEND**
-  FIRE ACCESS
 -  BIKE
 -  PEDESTRIAN
 -  PROPERTY LINE

Note: Building footprint is conceptual and intended to indicate Costco's commitment to complying with the City's codes and CIP guidelines.

Also, the building numbers do not imply the order of construction.



COSTCO
WHOLESALE
CORPORATE CAMPUS

CIRCULATION PLAN
 EXISTING
 COSTCO WAREHOUSE
 REVISED ON 08.08.2014

- LEGEND**
- FIRE ACCESS
 - BIKE ACCESS
 - PEDESTRIAN
 - PROPERTY LINE

Note: Building footprint is conceptual and intended to indicate Costco's commitment to complying with the City's codes and CIP guidelines.
 Also, the building numbers do not imply the order of construction.



CORPORATE CAMPUS

DEVELOPMENT AND AMENITIES PLAN
REVISED ON 08.07.2014

- 4A** **BUILDING 4A**
STORIES: 3-10
SQ FT: 300K-600K
UNDER BUILDING PARKING:
200-400 STALLS
 - 5** **BUILDING 5**
STORIES: 3-10
SQ FT: 250K-700K
UNDER BUILDING PARKING:
250-500 STALLS
 - 6** **BUILDING 6**
STORIES: 3-10
SQ FT: 150K-400K
UNDER BUILDING PARKING:
250-500 STALLS
 - 7** **COSTCO WAREHOUSE**
STORIES: 1
SQ FT: 150K-250K
PARKING: 700+ STALLS
- 4B** **BUILDING 4B**
STORIES: 3-10
SQ FT: 200K-800K
UNDER BUILDING PARKING:
200-400 STALLS
 - G** **EXISTING PARKING GARAGE**
EXISTING 5 LEVEL PARKING GARAGE
PROVIDES 1,000 ADDITIONAL PARKING
STALLS, POTENTIALLY EXPANDABLE TO
7 STORIES AND 1,700 STALLS.



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CORPORATE CAMPUS

CIRCULATION PLAN
REVISED ON 06.07.2014

Note: Building footprints are shown and not intended to indicate Costco's commitment to complying with the City's codes and CIP guidelines.

Also, the building numbers do not imply the order of construction.

LEGEND

- FIRE ACCESS
- BIKE LANES
- PEDESTRIAN
- - - PROPERTY LINE

MULVANNY | Q2



On Mainline, Fuel Stations and Only necessary building features can be integrated into the design through the use of color, materials, location and landscaping.



Costco's Building 2 takes queues for roof and deck details from existing buildings (e.g., long for the exterior design) and integrates them into the design (like color and entry way) to create a cohesive look.

IMAGERY COSTCO CAMPUS, ISSAQUAH ARCHITECTURAL FORMS, MATERIALS & COLORS



A set of materials, primarily metallic, create a connection between the form and nature of buildings.

Using multiple materials, glass, stone and concrete, the building creates an interesting and effective composition.



Costco builds for high traffic areas in retail buildings, technology, community, sports and education. The building is designed to be a part of the campus and provide a sense of connection between buildings.

Shade canopies and walkways for these buildings are constructed in different ways. Sky bridges can also be constructed over parking lots to create a connection between buildings.



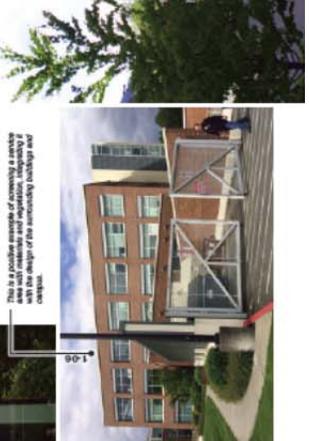
Costco builds for high traffic areas in retail buildings, technology, community, sports and education. The building is designed to be a part of the campus and provide a sense of connection between buildings.

This is a positive example of connecting a building with the design of the surrounding landscape and campus.



Exterior building materials include brick and stone. The use of these materials is consistent throughout the building.

The entry tower on Building 2 is an example of how the building is designed to be a part of the campus and provide a sense of connection between buildings.



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3-01

Costco's existing campus successfully provides multiple pedestrian walkway paths, uses green landscaping and cost-effective architectural design to create a great location for construction.

IMAGERY COSTCO CAMPUS, ISSAQUAH EXISTING PICKERING PLACE & COSTCO CAMPUS AMENITIES



BUILDING 1



BUILDING 2



BUILDING 3



B



3-03

A variety of stone construction and landscaping are used to create a unique outdoor space. These elements are used to create a sense of place and to provide a natural setting for the building.



D



3-04

Multiple patio spaces for large groups of people are provided throughout the campus. These spaces will be designed to provide a great environment throughout the current development.

3-05



C

Costco's current campus is oriented to take advantage of the building's natural setting. The use of stone and landscaping with future development.

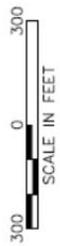
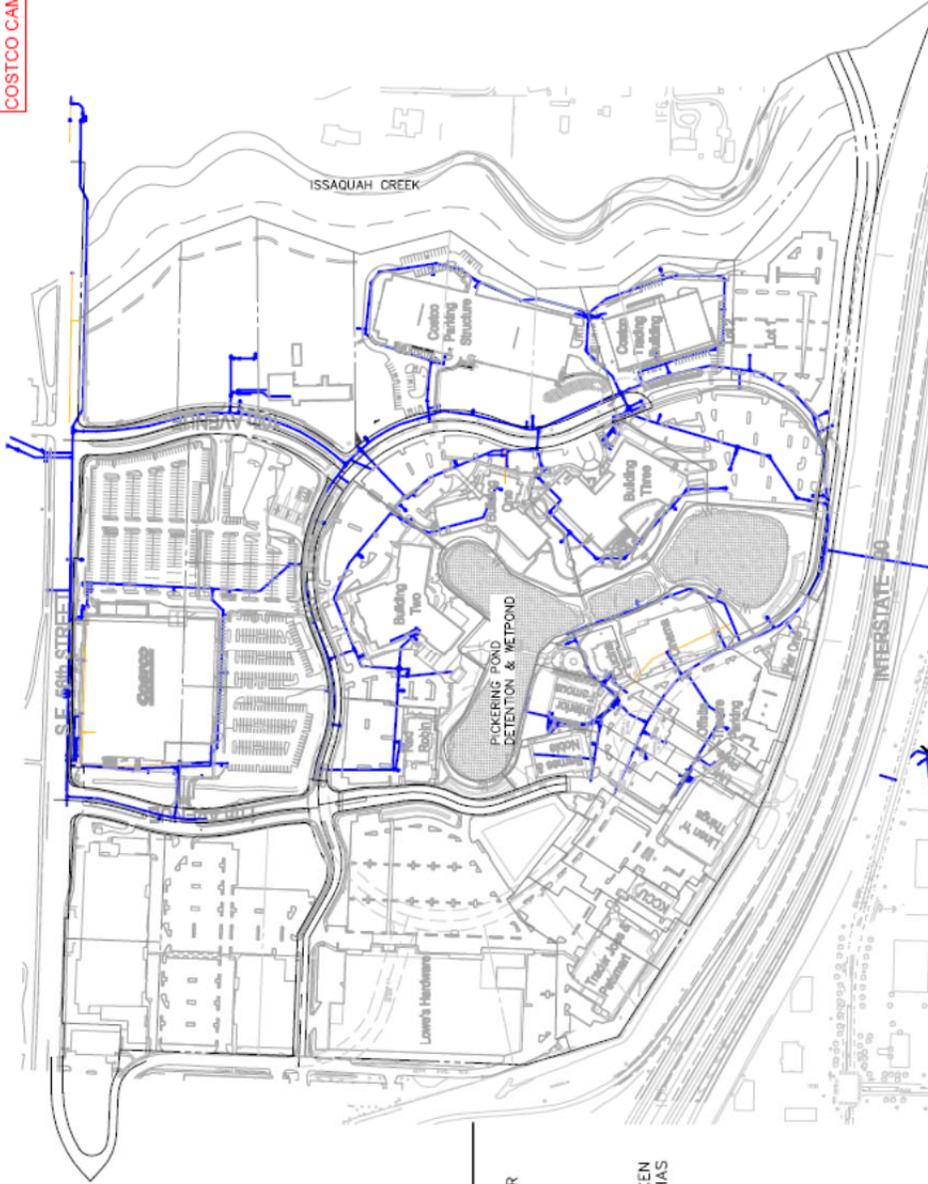
3-06



3-07



3-08



LEGEND

- PUBLIC WATER
- ABANDONED WATER

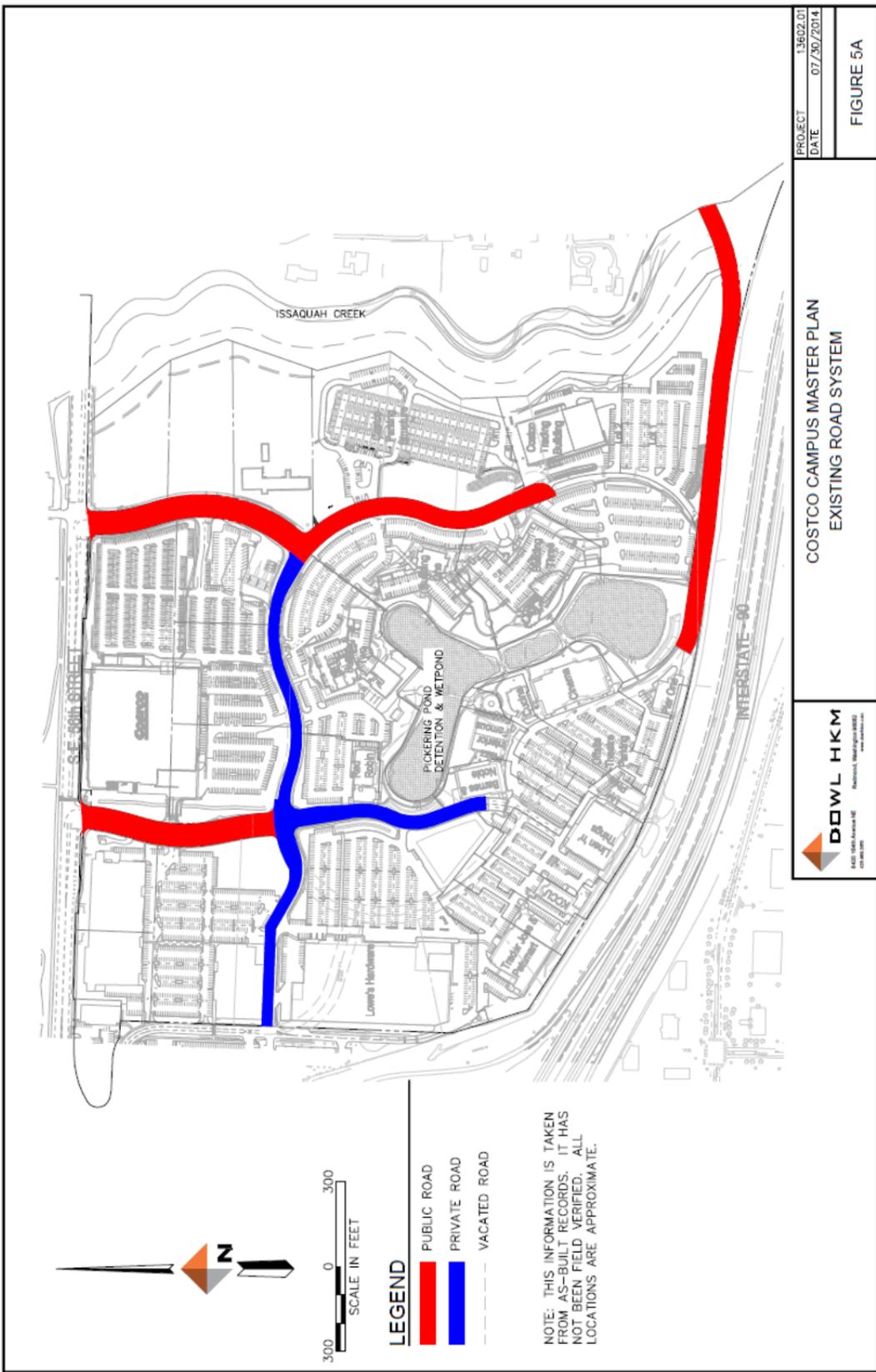
NOTE: THIS INFORMATION IS TAKEN FROM AS-BUILT RECORDS. IT HAS NOT BEEN FIELD VERIFIED. ALL LOCATIONS ARE APPROXIMATE.

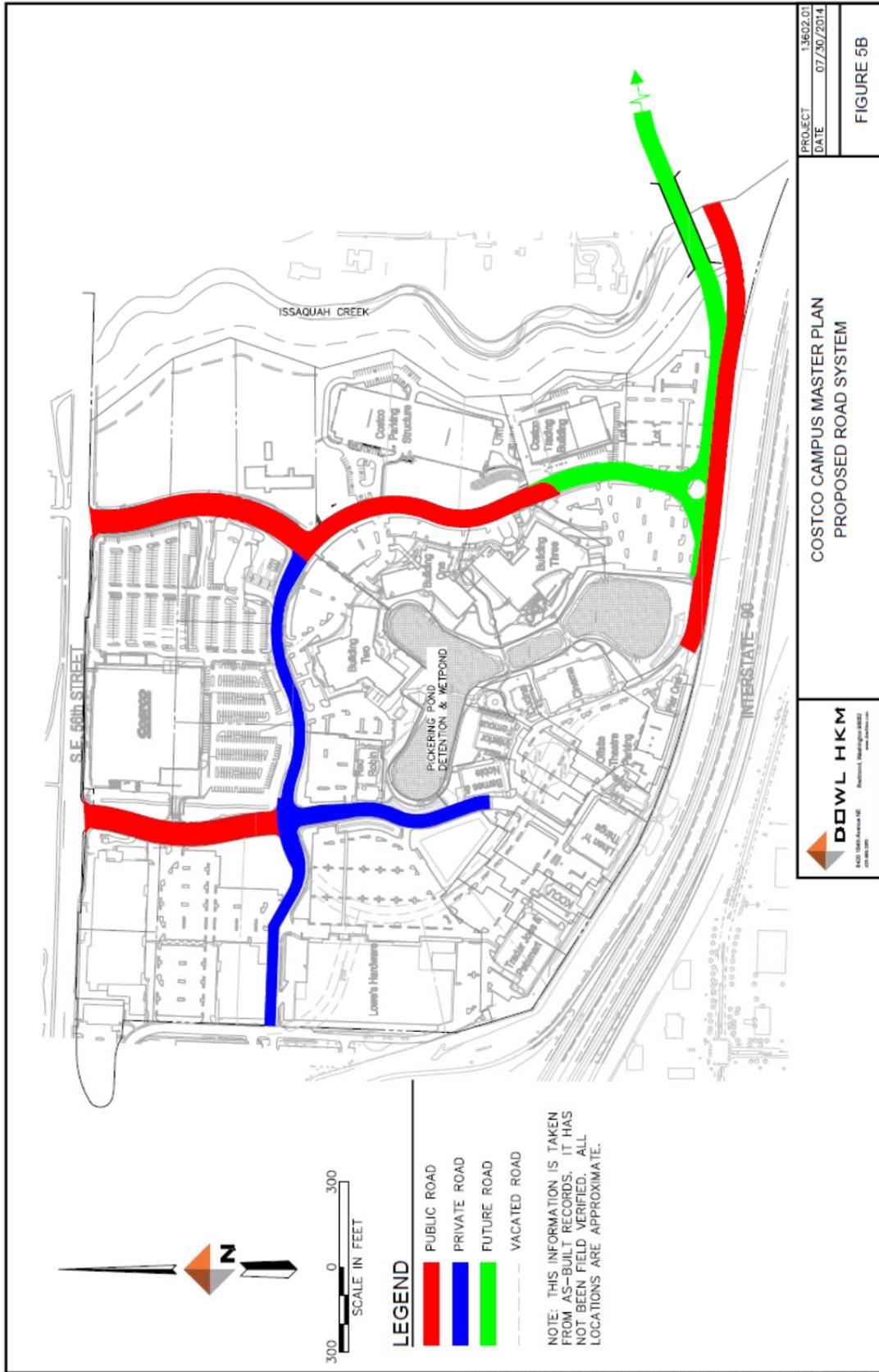
PROJECT	13602.01
DATE	07/30/2014
FIGURE 3	

**COSTCO CAMPUS MASTER PLAN
PUBLIC WATER**









Costco Corporate Campus Existing Parking Count and Land Plan Parking Forecast

Future parking forecasts are based on the current understanding of the proposed Land Plan and are subject to change. The parking forecasts are for planning purposes only and are not intended to limit the amount, phasing, or location of future parking, which will be determined at the time of development permit application for a specific building.

Existing Campus Parking (Pre Garage)				
Building	Stall Cnt	Bldg SF	Min Prk Req ¹	
Building One	216	120,000	240	
Building Two	284	175,000	350	
Building Three	161	180,000	360	
Costco Trading Building	63	73,000	146	
Lots 3-5 (NE) Surface Parking Lot	583			
Lot 1 (SE) Surface Parking Lot	297			
Lot 30 (SW)Surface Parking Lot	283			
Theater Reciprical Parking	190			
Costco Warehouse	732	150,000	750	
Existing Parking Stalls	2,809	698,000	1,846	

Campus Parking Post 5 Level Garage				
Building	Stall Cnt	Bldg SF	Min Prk Req ¹	
Building One	213	120,000	240	
Building Two	281	175,000	350	
Building Three	158	180,000	360	
Costco Trading Building	63	73,000	146	
Parking Garage	1,662			
Lot 1 (SE) Surface Parking Lot	297			
Lot 30 (SW)Surface Parking Lot	283			
Theater Reciprical Parking	190			
Costco Warehouse	732	150,000	750	
Existing Parking Stalls	3,879	698,000	1,846	

Campus Parking Post 7 Level Garage				
Building	Stall Cnt	Bldg SF	Min Prk Req ¹	
Building One	213	120,000	240	
Building Two	281	175,000	350	
Building Three	158	180,000	360	
Costco Trading Building	63	73,000	146	
Parking Garage	2,322			
Lot 1 (SE) Surface Parking Lot	297			
Lot 30 (SW)Surface Parking Lot	283			
Theater Reciprical Parking	190			
Costco Warehouse	732	155,000	775	
Existing Parking Stalls	4,539	703,000	1,871	

Campus Parking Post Development Area 4

Building	Stall Cnt ³	Bldg SF ³	Min Prk Req ¹
Building One	210	120,000	240
Building Two	280	175,000	350
Building Three	160	180,000	360
Area 4 ² (replaces SE parking lot)	600	700,000	1,400
Parking Garage	2,320		
Lot 30 (SW)Surface Parking Lot	280		
Theater Reciprocal Parking	190		
Costco Warehouse	730	155,000	775
Existing Parking Stalls	4,770	1,330,000	3,125

Campus Parking Post Development Area 5

Building	Stall Cnt ³	Bldg SF ³	Min Prk Req ¹
Building One	210	120,000	240
Building Two	280	175,000	350
Building Three	160	180,000	360
Area 4 ² (replaces SE parking lot)	600	700,000	1,400
Area 5 ² (replaces SW parking lot)	250	500,000	1,000
Parking Garage	2,320		
Theater Reciprocal Parking	190		
Costco Warehouse	730	155,000	775
Existing Parking Stalls	4,740	1,830,000	4,125

Campus Parking Post Development Area 6

Building	Stall Cnt ³	Bldg SF ³	Min Prk Req ¹
Building One	150	120,000	240
Building Two	230	175,000	350
Building Three	160	180,000	360
Area 4 ² (replaces SE parking lot)	600	700,000	1,400
Area 5 ² (replaces SW parking lot)	250	500,000	1,000
Area 6 ² (replaces surface parking between Bldgs 1 & 2)	150	300,000	600
Parking Garage	2,320		
Theater Reciprocal Parking	190		
Costco Warehouse	730	155,000	775
Existing Parking Stalls	4,780	2,130,000	4,725

Total SF allowed at 2 stalls/1,000

2,390,000

¹ The minimum parking requirement are 2 stalls/1,000 for Office and 5 stalls/1,000 for Retail.

² Assumes one level of subterranean parking

³ Since this is a future development projection, all numbers are rounded to the nearest 10th.

Exhibit E Defined Terms

The following terms have been defined for the Development Agreement. These Terms are in addition to the defined terms in the CIDDS and do not represent a revision to any of the defined CIDDS terms.

1. **Amendment, Administrative.** Except for the modifications specifically listed as Council Amendments, other modifications of the standards or provisions of this Agreement (e.g. revisions to the Core Street Standard, revisions to the skybridge guidelines, allowed residential uses, etc.) will be deemed an Administrative Amendment and will be reviewed and decided by the Designated Official based on consistency with this Agreement including Recitals, the Flexibility Objectives (**Exhibit J**), and the provisions of SEPA Development Agreement Paragraph 18 (*State Environmental Policy Act Compliance*).

2. **Amendment, Council.** Those modifications to this Agreement as specifically listed in Development Agreement Paragraph 26 (*Amendment to Agreement*).

3. **CC&Rs.** The 1993 Amended and Restated Declaration of Covenants, Conditions & Restrictions Applicable to Pickering Place (recording number 9311161931), as amended.

4. **CIDDS.** Central Issaquah Design and Development Standards, effective April 29, 2013.

5. **CIP.** Central Issaquah Plan.

6. **Costco Property.** Approximately 47 acres of real property in the City of Issaquah owned by Costco, which is located in Pickering Place and which is currently governed by the Pickering Place Master Plan (MS 84-01). See Development Agreement **Exhibit B**.

7. **Designated Official.** The person, or persons, appointed by the Mayor, empowered, authorized and charged with the duty to administer, interpret, process and approve plans and permits as required by this Agreement.

8. **Entitlement.** Refers to the 1.5 million square feet of Future Development approved in this Agreement.

9. **Entitlement Process.** Refers to the land use regulatory permits and approvals required to construct the Future Development.

10. **Expansion Area (parcels).** Parcels within the Expansion Area that are currently owned or leased by Costco; and, parcels that may be subsequently leased or acquired by Costco during the term of this Agreement and brought under the provisions of this Agreement, with all such parcels being subject to the provisions of Paragraph 1.a and Exhibit J (Paragraph 2.0B).

11. **Future Development.** Development of the Costco Property and any parcels within the Expansion Area that are brought under the terms of this Agreement per Paragraph 6

with up to an additional 1,500,000 square feet of development and their associated parking structures or garages, phased over the next thirty (30) years, as desired by Costco.

12. **Home Office.** Costco's corporate home office campus.

13. **IMC.** Issaquah Municipal Code.

14. **Land Plan.** Collectively, the Staff Report and drawings and other documents that are attached as **Exhibit D** to this Agreement. The Land Plan attached as **Exhibit D** represents the Parties' current vision of how the Future Development might be constructed on the Costco Property. The Parties acknowledge that the proposed Future Development and Land Plan may change and will undergo further refinement during the Entitlement Process. The numerical designations on the Land Plan building envelopes are for convenience only and are not intended to evidence construction sequencing of the Future Development.

15. **Major Alteration to the Land Plan.** A Major Alteration to the Land Plan that requires action by the Development Commission is:

a. The addition of a building or buildings, over 150,000 square feet, not shown on the Land Plan;

b. Demolition and complete replacement of an existing building shown on the Land Plan with a building of more than 150,000 square feet. Existing buildings are buildings 1-3 and the consumer warehouse, but not the Trading Building, as its demolition was anticipated in the Land Plan; and,

c. Exterior additions of more than 150,000 square feet to an existing building.

16. **Minor Alteration to the Land Plan.** Alterations to the Land Plan that do not meet the definition of a Major Alteration shall be considered Minor Alterations that may be approved by the Designated Official during the land use or construction permit process.

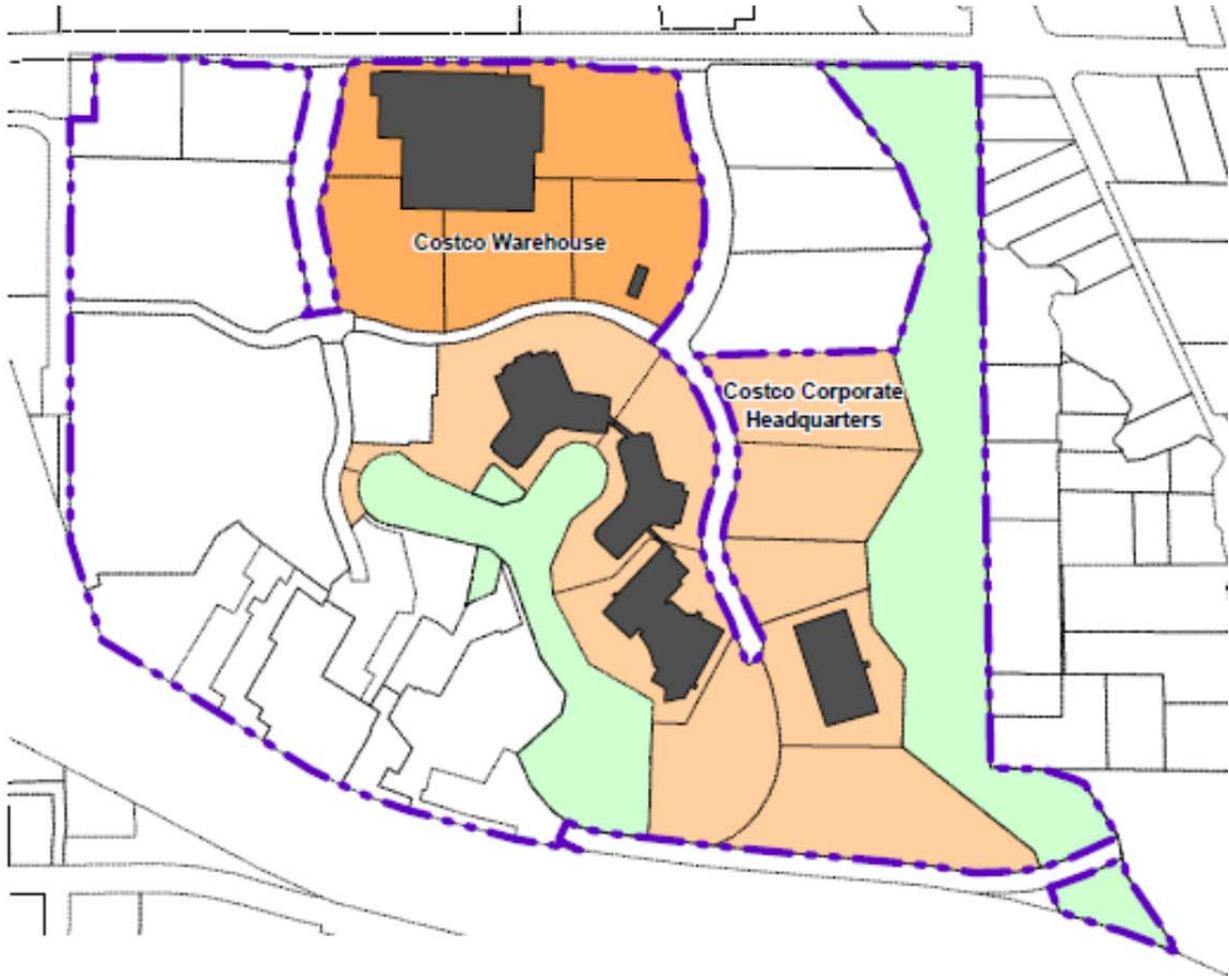
17. **MTFA.** Master Transportation Funding Agreement, which is attached as **Exhibit H** to this Agreement.

18. **Pickering Place Master Plan ("PPMP")** (MS 84-01, as amended). The 1987 land use regulatory scheme that governs the Costco Property and other properties in the Pickering Place development.

19. **Properties.** For purposes of this Agreement, "Properties" shall be defined as any property described or depicted on **Exhibits A** and **B** and any potential expansion parcels, as illustrated on **Exhibit C** (Expansion Areas).

20. **Shared Facilities.** Parking, stormwater, common areas and other jointly-held or used amenities within Pickering Place that are established and maintained as conditions of the PPMP and private covenants, conditions and restrictions.

EXHIBIT F FAR CALCULATIONS



Costco FAR Analysis

The City's new Central Issaquah Plan has a maximum FAR allowed of 5 and a minimum FAR required of .55. The following Table demonstrates Costco's intention to comply with this requirement.

Costco Lot Area (sf)	2,069,355
Costco Current Bldg SF	697,750
Costco's Current FAR	0.34
Costco DA Allowed Bldg SF (Current SF + 1,500,000 SF)	2,197,750
Costco's FAR with Allowed Development	1.06
Additional property Costco can add to their campus before the FAR of the DA allowed development drops below the minimum FAR of .55.	1,926,554 (44.23 Acres)



Exhibit G

Density Bonus Calculation

Code Provisions

Per the Central Issaquah Development & Design Standards (18.19A.5), the purpose of the CIP Density Bonus Program is to:

- Allow additional square footage of development in exchange for community benefit;
- Facilitate development of affordable housing units;
- Create connected system of open space & parks;
- Encourage infill & redevelopment;

Central Issaquah Development & Design Standards:

18.19A.4.4: Maximum Building Height in Urban Core = 48', 125' with Density Bonus¹

18.19A.5.4: Public Benefit Requirement – Mandatory and Elective

1/3 of density bonus @ \$15/sf

2/3 of density bonus as: 1) \$15/sf; 2) Affordable Housing; or, 3) Non-critical area sf of open space or TDR acquisition

¹Base Height may also be exceeded through the purchase of TDRs.

Intent of this Worksheet

As explained below, the height and floor area ratio (“Density Bonus”) associated with Costco’s Future Development is currently unknown and will not be determinable until the time that Costco makes application for specific building development. Thus, there are multiple possible Density Bonus combinations that could accommodate the Future Development. In the Development Agreement, Costco would like to take advantage of the CIDDS Density Bonus provisions, and the City is encouraging Costco to do so because it may result in higher density development, which is consistent with the CIP. The calculation to allow Costco to obtain Density Bonus is based upon a reasonable mid-range development scenario. Costco’s satisfaction of these levels of monetary and property contributions (“Required Public Benefit”) is intended to allow Costco to utilize Density Bonus in any combination, at its election, without the payment of additional fees or the provision of additional property.

Background & Assumptions

1. Costco does not know whether company growth will necessitate the construction of the entire 1,500,000 sf expansion during the term of this agreement.
2. Costco has requested the flexibility to utilize the Density Bonus provisions of the City Code to allow portions of their project to exceed the 48-foot Base Height limit.

3. Since a portion of the Entitlement (250,000 sf) may be used for non-office development, it is assumed the non-office portion of the Future Development will not trigger the Density Bonus provisions.
4. Costco entitlement may include buildings not depicted on the Land Plan. These buildings may be located on current Costco-owned property; or, on any of the Expansion Area parcels shown in **Exhibit C**.
5. If 20% of the total entitlement (assuming 250,000 sf is developed for non-office use) (“Remaining Entitlement”) is constructed above the 4th floor, then 250,000 sf will be subject to the Density Bonus provisions. Given the height of Costco’s current corporate buildings (3 stories), 20% of the total Remaining Entitlement being constructed above the 4th story is a reasonable assumption for purposes of this Worksheet.
6. Parking garages are encouraged for CIP properties. The amount of building square footage allowed through the Development Agreement is exclusive of parking garages. Therefore, parking garages will be allowed to exceed the base height and floor area ratio, without limitation, and will not trigger any Density Bonus Program Required Public Benefit.

Staff Evaluation

Costco has requested the ability to take advantage of the Density Bonus provision of the CIP, not to allow for more Entitlement as the amount of development is capped through the Development Agreement, but to construct a portion of the Entitlement above 4 stories.

The Density Bonus Program was included in the CIP to offer developers an advantage by trading public benefit (i.e. Required Public Benefit) for additional property development capacity. As the Development Agreement caps the Entitlement given to Costco, Costco’s benefit for constructing fewer, taller buildings is limited to lower per square foot building and operating costs; efficiencies of land use; and, the potential for additional open space on their campus for the enjoyment of their employees. The Development Agreement also offers Costco the efficient use of public-private resources as part of the MTFAs Approved Projects in acquiring open space and TDRs, which are options for meeting the elective Required Public Benefit requirements of the Density Bonus Program.

Assumed Development Scenario for Purposes of this Worksheet Calculation

Although Costco does not know what height buildings or how big the floor plates will be, the new development may be of similar scale to the current 3-story buildings on the Property. The existing buildings (including the retail store) total approximately 750,000 sf. For purposes of this Worksheet, the City is assuming that the new buildings will be approximately 60,000 sf floor plates.

Analysis of Different Possible Development Scenarios

At 60,000 sf, 1,250,000 sf = 21 floors. This could be:

Number of Buildings (60,000 sf plate)	Stories	# Floors Above 4th Floor	Amount of Square Feet in Bonus Area
(3) 7-story buildings	21	9	540,000 sf
4 [(1) 4-story, (1) 5-story, (2) 6-story] buildings	21	5	300,000 sf
5 [(2) 4-story, (2) 5-story, (1) 6-story] buildings	24	4	240,000 sf
5 [(1) 3-story, (2) 4-story, (2) 5-story]	21	2	120,000 sf
5 [(1) 5-story, (4) 4-story] buildings	21	1	60,000 sf

Conclusion

Although Costco may pursue a more urban vision for their campus (as is allowed under the Urban Core designation), the 240,000 square foot scenario represents a reasonable assumption for purposes of this Worksheet. Given the scale of the existing Pickering buildings within the campus area, the build out of the campus might be some combination of 4-story, 5-story, and 6-story buildings.

Based on the foregoing analysis, the City agrees that Costco's Future Development is consistent with the Density Bonus Program, regardless of whether Costco elects to construct the mid-range 5-building scenario or selects another development scenario that includes buildings with more stories above 4 stories, so long as it compensates for 250,000 sf of Entitlement. Satisfaction of the mandatory and elective elements of the Density Bonus Program set forth below entitles Costco to build the Future Development, without the requirement to pay additional money or further compensation, regardless of the development scenario that Costco ultimately selects. The Administration believes this a reasonable approach given 1) Costco's request for surety regarding how the Density Bonus Program will be applied; 2) as the Costco campus grows, Costco will need to keep their existing buildings relevant with the new development which likely will result in at least a portion of their Entitlement mirroring or providing a transition from their existing 3-story buildings; and 3) Costco may not build all of their Entitlement within the 30-year Term of this Agreement.

Calculation

Mandatory: $\$15/\text{sf} \times (250,000/3) = \1.25M

Elective: the elective portion of the Density Bonus Program Required Public Benefit, pursuant to Chapter 5 of the CIDDS, may be satisfied by any of the following means:

1. Payment: \$2.5M; or,
2. Open space: 166,167 sf (3.8 acres); or,
3. Affordable Housing: 33,233 sf; or,

4. 139 TDRs; or,
5. Any combination of 1–4.

See Paragraph 1.b of the Agreement for timing of the Mandatory element payment; and, the procedure for completion of the Elective element.

Exhibit H

City of Issaquah & Costco Wholesale Corporation

Master Transportation Funding Agreement

**MASTER TRANSPORTATION FUNDING AGREEMENT
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EXHIBIT H

MASTER TRANSPORTATION FUNDING AGREEMENT

This Master Transportation Funding Agreement (this “**MTFA**”) is entered into this 13th day of April, 2015 by and between Costco Wholesale Corporation, a Washington corporation (“**Costco**”) and the City of Issaquah, a Washington municipal corporation (“**City**”), collectively the “**Parties**”.

RECITALS

A. The City is a noncharter Optional Municipal Code city incorporated under the laws of the State of Washington. Pursuant to that certain Costco/Issaquah Corporate Campus Development Agreement dated on or about the date hereof (the “**Development Agreement**”), the City and Costco have entered into a plan for the development and expansion of Costco’s corporate home office that is consistent with the Central Issaquah Plan (“**CIP**”) and associated enabling development regulations, particularly the Central Issaquah Development and Design Standards (“**CIDDS**”) and IMC Ch. 18.19A. All capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Development Agreement.

B. In connection with the Development Agreement, Costco and the City agreed to enter into this MTFAs to confirm Costco’s participation in traffic improvements identified herein and to fully mitigate, among other things, all State Environmental Policy Act (“**SEPA**”), Traffic Impact Fee and Traffic Concurrency requirements for the Future Development on the Property as provided under the Development Agreement.

C. The Parties have performed a traffic analysis to identify the transportation improvements identified under this MTFAs (the “**Transportation Improvements**”), including, but not limited to, a concurrency analysis, a SEPA analysis, and a “fair share” traffic analysis to determine the City’s and Costco’s obligations to fund such improvements.

D. Both the City and Costco recognize and acknowledge the following: (i) the public improvements contemplated by this MTFAs will provide substantial public benefits for both existing and future populations and commerce, (ii) the identified improvements create transportation capacity which will be utilized by Costco and other members of the public, (iii) the planning, design and construction of the transportation improvements have already commenced, but will likely take five (5) or more years to complete following adoption of the Development Agreement, and (iv) the Parties’ agreement and obligations under this MTFAs are a material element to the purpose of the Development Agreement.

E. All Recitals and Exhibits referenced in this MTFAs are hereby incorporated by reference and shall be considered as material terms of this MTFAs and the Development Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the mutual agreements contained herein, as well as other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. No Additional Requirements. Except as provided in this MTFA or the Development Agreement, this MTFA shall satisfy all traffic and mitigation requirements to entitle the Future Development as provided under the Development Agreement and there will be no additional traffic fees or traffic mitigation required from Costco in connection with the partial or full buildout of the Future Development, as set forth in the Development Agreement, except as otherwise expressly provided therein.

2. Traffic Mitigations. The traffic mitigation required to fully mitigate the impacts of the Future Development shall be as follows:

- a. Approved Projects. The Transportation Improvements shall consist of those certain projects identified on **Exhibit H-1** attached hereto and incorporated herein (the “**Approved Projects**”). Substitutions for, or alterations of, the Approved Projects may be added to the Transportation Improvements as agreed upon by the City and Costco pursuant to the approval requirements provided hereunder. The approximate overall project limits and right-of-way areas for the new public road within Pickering Place are shown on **Exhibits H-3** and **H-4**, respectively.
- b. Costco SEPA Mitigation and Frontage Improvements. Costco shall be responsible for completion of the SEPA mitigation and frontage improvements listed on **Exhibit H-2** to be constructed at the appropriate times during the buildout of the Future Development, consistent with the schedule established in **Exhibit H-2**. Costco shall have the right, but not the obligation, to construct SEPA improvements and frontage improvements before they are needed at any time following execution of the Development Agreement.

3. Costco Concurrency Reservation. Through this MTFA, Costco is partnering with the City to construct transportation improvements that are on the City’s six-year TIP. The City agrees that no further concurrency review and/or mitigation of transportation impacts is required for the Future Development. Within 30 days of the Effective Date of this Agreement, the Designated Official shall issue a Certificate of Concurrency for Costco’s Future Development, with an expiration date that is the same as the expiration date of the Development Agreement.

4. Funding Obligation Shares. The City and Costco shall share in the costs of completing the Approved Projects according to the following schedule (the “**Funding Obligation**”):

- a. All costs up to the first \$51,479,166.00 shall be allocated at a ratio of responsibility of fifty-two percent (52%) for the City and forty-eight percent (48%) for Costco;

- b. All costs from \$51,479,166.01 up to \$53,979,166.00 shall be the responsibility of the City;
- c. All costs from \$53,979,166.01 up to \$56,479,166.00 shall be the responsibility of Costco; and
- d. All costs above \$56,479,166.00 shall be the responsibility of the City.

Disputes over this Paragraph are subject to arbitration under the process outlined in Paragraph 26 (*Dispute Resolution*) of this MTF.

5. City Use of Grant Money—Rolling Allocation. The City anticipates that it will obtain transportation grants from a variety of sources. Typically, these grant funds are project-specific. Thus, it is possible that the City could obtain grants in excess of the City's Funding Obligation share for some of the Approved Projects. If this situation occurs, the City shall be entitled to use the full amount of obtained grant funds for the applicable Approved Project, even if the amount exceeds the City's Funding Obligation of the Approved Project's costs. In that case, the City will apply the remaining grant funds to Costco's allocated share of the grant-eligible Approved Project costs (the "**Grant Overage**"); provided however that the amount of the Grant Overage that the City has paid toward Costco's proportionate share for the grant-eligible Approved Project will then carry down or roll over to the next Approved Project and be added to, and increase the amount of, Costco's Funding Obligation of the next Approved Project's costs.

For example, assume Approved Project 1 costs a total of \$7.5 million. The City's 52% Funding Obligation would be \$3.9 million and Costco's 48% Funding Obligation would be \$3.6 million. Assume further that the City obtains a \$6 million grant for Approved Project 1. In that case, the City would use the grant to pay its \$3.9 million Funding Obligation for Approved Project 1 and apply the remaining \$2.1 million of its grant (the Grant Overage) toward Costco's Funding Obligation for grant-eligible Approved Project 1. As a result, Costco would be out-of-pocket for only \$1.5 million of its \$3.6 million Approved Project 1 Funding Obligation. The \$2.1 million Grant Overage—i.e. the amount of grant money that the City applied to Approved Project 1 that would otherwise have been Costco's obligation—would then roll forward and be added to Costco's Funding Obligation for Approved Project 2.

Disputes over this Paragraph 5 are subject to arbitration under the process outlined in Paragraph 26 (*Dispute Resolution*) of this MTF.

6. Cost Savings. Upon completion of all Approved Projects, the City and Costco shall share in any cost savings in accordance with the respective Funding Obligations provided in Paragraph 4 (*Funding Obligation Shares*). Should the City be successful in obtaining grants or other funding that is greater than its total share of Approved Project costs ("**Excess Funding**"), the City shall reduce Costco's share of the total Approved Project Funding Obligation or reimburse Costco for amounts previously paid by Costco for all Approved Projects based upon

the 48% allocation of the Excess Funding. Disputes over this Paragraph 6 are subject to arbitration under the process outlined in Paragraph 26 (*Dispute Resolution*) of this MTFAs.

7. City Invoice Timing and Approved Project Funding Guarantee. Except as provided below regarding Grant Overages, the City will not invoice Costco for any portion of an Approved Project without the City guaranteeing that it has the City's allocated share of that Approved Project's costs. The City's guarantee shall consist of an identified source of funding together with funding authorization from the City Council for the City staff to proceed with and expend funds on a particular Approved Project. Disputes over this Paragraph 7 are subject to arbitration under the process outlined in Paragraph 26 (*Dispute Resolution*) of this MTFAs.

8. City Ability to Draw Against Grant Overages. Notwithstanding the foregoing MTFAs Paragraph 7 (*City Invoice Timing and Approved Project Funding Guarantee*), the City may draw on a Grant Overage credit from a previous Approved Project to fund soft costs related to future Approved Projects (e.g. permit fees, design costs, and/or consultant or professional fees) without having first provided Costco with the City's Paragraph 7 funding guarantee for those Approved Projects.

For example, assume the City's grant funding for Approved Project 1 resulted in a \$2.1 million Grant Overage that rolled forward into Costco's Funding Obligation of Approved Project 2 costs. Assume also that the City was working on design of Approved Projects 2 and 3 but had not yet obtained the City's Funding Obligation for those Approved Projects. The City could invoice Costco for up to a maximum of \$2.1 million for soft costs incurred on Approved Projects 2 and 3 without having first provided Costco with the City's funding guarantee for those Approved Projects.

9. Payment of Employee Costs and Project Administration Fees. The City and Costco shall each pay for the salaries and benefits of its respective employees ("**Employee Costs**") charged with oversight and construction of the Approved Projects. As part of the Parties' Employee Costs, (i) the City will have engineering and construction management costs, including inspections (collectively "**MTFA Work**"), and (ii) Costco and the City will have MTFAs management costs ("**Management Costs**"). Management Costs are defined as contract negotiations, project coordination and oversight, consultant management, invoice processing and other administrative and management costs. These costs shall be included in the Approved Project budgets and allocated pursuant to the Parties' Funding Obligation shares as follows:

- a. The City may charge to the cost of the Approved Projects its actual Employee Costs for Management Costs, in an amount not to exceed \$500,000;
- b. The City may charge its actual Employee Costs for MTFAs Work not to exceed \$1,000,000;
- c. Costco may charge any combination of its actual Employee Costs and third-party consultant costs for Management Costs not to exceed \$250,000 (collectively "**Costco Reimbursement Costs**"). Invoices for Costco Reimbursement Costs shall be provided to the City on a mutually-agreeable schedule.

The City shall be entitled to invoice at a ratio described in Paragraph 4 (*Funding Obligation Shares*) the difference between (i) City Employee Costs for MTF A Work Costs, and Management Costs and (ii) the Costco Reimbursement Costs. The foregoing limits shall not impair the City's ability to contract for other third-party engineering and construction management services reasonably necessary to build the Approved Projects and to include such costs in the Approved Project budgets.

Disputes over this Paragraph 9 are subject to arbitration under the process outlined in Paragraph 26 (*Dispute Resolution*) of this MTF A.

10. City Construction Oversight Responsibilities. The City shall select the vendors and contractors for an Approved Project in accordance with the City's procedures, state and federal laws concerning public works contracting, and any requirements imposed by grant funding agreements. For each Approved Project, the City shall be responsible for all necessary engineering design work, governmental approvals and permits, administering each Approved Project in accordance with its procedures for public projects, and providing Costco with reasonably detailed monthly invoices for the services, work, labor and materials contracted for as part of an Approved Project. Disputes over this Paragraph 10 are subject to arbitration under the process outlined in Paragraph 26 (*Dispute Resolution*) of this MTF A.

11. Sixty Percent (60%) Meeting and Design Direction Cut-Off. The Parties shall meet after the sixty percent (60%) design level is completed, or as otherwise mutually agreed to, to discuss and decide upon value engineering and design direction. Prior to any decision to materially change the design direction after the sixty percent (60%) level, the Parties will meet to collaborate on and discuss the risks and costs to each Party associated with the proposed design direction change. The Parties will mutually agree upon an appropriate allocation of the increased costs that are anticipated to arise from the proposed design direction change. Disputes over this Paragraph 11 are subject to arbitration under the process outlined in Paragraph 26 (*Dispute Resolution*) of this MTF A.

12. Costco Consent to Approved Project Bid Package, Including Construction Contract Documents. The City shall implement the Approved Projects in accordance with **Exhibit H-1** and as otherwise necessary to support Costco's Future Development as provided in the Development Agreement. For each Approved Project, the City will provide Costco with updated construction costs and construction drawings at the sixty percent (60%) and one hundred percent (100%) design phases, or as mutually agreed to by the Parties. At least ten (10) days prior to the meeting contemplated in this Paragraph, the City will provide Costco with copies of the final bid package, which are the documents that the City will provide to parties responding to the request for bid. The bid package will include "**Construction Contract Documents,**" which are defined as the construction contracts, including number of contractor working days, engineer's estimates and other documents that the City will present for execution to the contractor(s) that may be awarded the bid to construct an Approved Project. The City and Costco will meet to review and obtain Costco's consent to the final bid package, including the Construction Contract Documents, prior to advertising an Approved Project for bid. Costco shall review the bid package and provide its comments to the City at the meeting. Costco shall not unreasonably withhold its consent to the bid package so long as the bid package is consistent

with **Exhibit H-1** and the 60% design decisions. Disputes over this Paragraph 12 are subject to arbitration under the process outlined in Paragraph 26 (*Dispute Resolution*) of this MTFAs.

13. Costco Consent to Construction Contract Document Amendments. In the event that the bidding process does not result in a responsible bidder willing and able to construct an Approved Project pursuant to the terms of the advertised Construction Contract Documents, the City will notify Costco of the situation as soon as practicable and will work with Costco to develop a mutually agreeable process for addressing the situation, including, without limitation, possible amendment to the Construction Contract Documents for rebid of the Approved Project. Disputes over this Paragraph 13 are subject to arbitration under the process outlined in Paragraph 26 (*Dispute Resolution*) of this MTFAs.

14. Pre-Construction Meeting. Prior to the commencement (notice to proceed) of an Approved Project, the City shall notify Costco of its intent to proceed with the construction. The City shall schedule a meeting with Costco and the general contractor to discuss the construction scheduling, contractor accounting, contractor invoicing, contractor billing practices, City payments to the contractor and particular issues applicable to that Approved Project. Disputes over this Paragraph 14 are subject to arbitration under the process outlined in Paragraph 26 (*Dispute Resolution*) of this MTFAs.

15. City Invoicing to Costco. The City will invoice Costco monthly for Costco's share of any Approved Project costs for which the City is permitted to invoice Costco pursuant to Paragraphs 7 (*City Invoice Timing and Approved Project Funding Guarantee*) and 8 (*City Ability to Draw Against Grant Overages*). The City's invoice shall contain supporting documents, such as documentation from outside vendors or construction contractor payment requests. Upon request, the City shall promptly provide Costco with reasonable evidence of Approved Project invoice payments. Disputes over this Paragraph 15 are subject to arbitration under the process outlined in Paragraph 26 (*Dispute Resolution*) of this MTFAs.

16. Costco's Payment of Approved Project Invoices. Costco's payment of an Approved Project invoice shall be due within thirty (30) calendar days of Costco's receipt of a properly supported invoice. Disputes over this Paragraph 16 are subject to arbitration under the process outlined in Paragraph 26 (*Dispute Resolution*) of this MTFAs.

17. Invoice Disputes. Should Costco dispute any portion of an invoice, Costco shall pay the undisputed portion of the invoice within thirty (30) days of receipt and provide the City with written notice of the dispute and Costco's basis for the dispute. As soon as practicable, but in no event later than sixty (60) days after Costco's receipt of a disputed invoice, the City and Costco shall then meet to discuss and work in good faith to resolve the dispute. Disputes over this Paragraph 17 are subject to arbitration under the process outlined in Paragraph 26 (*Dispute Resolution*) of this MTFAs.

18. Change Orders. Prior to implementing amendments or modifications to the Construction Contract Documents ("**Change Order(s)**") that could result in a material change to an Approved Project's scope including without limitation quantities, conditions, material type, schedule, or that could, in aggregate, cause a cumulative increase of five percent (5%) or more in the Construction Contract Document project costs on a per project basis, the City shall notify

Costco of the proposed Change Order(s) as soon as practicable and provide the Change Order(s) for Costco's review and comment together with a detailed explanation of the need for the Change Order(s). Absent a compelling reason not to do so, the City shall implement any reasonable comments that Costco may provide with respect to such amendments or modifications. Disputes over this Paragraph 18 are subject to arbitration under the process outlined in Paragraph 26 (*Dispute Resolution*) of this MTF.

19. Costco's Right to Ongoing Inspections of Approved Project Construction. Costco shall have the right from time to time to inspect any part of an Approved Project. For any work that Costco believes in good faith is not in compliance with the final Construction Contract Documents (including approved amendments and change orders, if any), the City agrees to use reasonable efforts to have such work inspected or tested. If the inspection or testing reveals that the work is not substantially in compliance with the Construction Contract Documents, the Parties shall mutually agree as to what remedies, if any, should be pursued against the responsible party. Costco's inspection under this Paragraph is solely for Costco's benefit and Costco shall have no liability to the City or any other party for failing to identify and/or notify the City or any other party of such non-conforming work. Disputes over this Paragraph 19 are subject to arbitration under the process outlined in Paragraph 26 (*Dispute Resolution*) of this MTF.

20. City Performance of Approved Project. The City shall diligently perform and complete the Approved Projects within the schedule shown in **Exhibit H-1** subject to issues that may arise outside of its control or through the Parties' mutual agreement to an extension. Such issues that are outside of the City's control and that may affect Approved Project timing include, without limitation outside agency permitting, permit appeals, or court decisions or any provisions of Development Agreement Paragraph 35 (*Delays*), including Force Majeure, but not the City's inability to fund, or the City's decision not to fund, its Funding Obligation share. If issues arise that impact Approved Project construction, the Parties shall consult with one another to mutually determine how best to move forward.

21. Failure of City Performance. If the City is unwilling or unable to commence or complete an Approved Project due to lack of the City's funding for its Funding Obligation share, then the City and Costco shall consult with one another to mutually determine how best to move forward. Costco may, in its sole and absolute discretion, elect to advance funds to the City in excess of Costco's Funding Obligation ("**Advanced Funds**") for an Approved Project in order to facilitate its completion. If Costco elects to provide the City with Advanced Funds, then such Advanced Funds shall be treated as a loan or advance from Costco to the City and shall, unless otherwise provided for in this Paragraph, be repaid with a Bond Rate over a period not to exceed seven years. Bond Rate means the interest rate on municipal bonds that would be equal to the rate/yield published in the MMD Municipal Bond Index on the date of advance of the loan for municipal bonds with a rating comparable to the rating on general obligation bonds of the City with a maturity of seven years. "**MMD Municipal Bond Index**" means the municipal bond index of general obligation yields, which is published daily in the Bond Buyer and is compiled daily from general obligation municipal issues included in a database maintained by the publisher of the Municipal Market Data, or the successor to that index. Costco and the City shall also determine how the loan or advance of Advanced Funds will be secured in a commercially reasonable manner over the repayment term. The City will be under no obligation to accept

Costco's loan or advance if the City demonstrates that it can obtain, and has authority to expend funds from, another funding source to facilitate timely Approved Project completion.

22. Dedication of Property.

- a. The City has requested that Costco dedicate a portion of its real property to facilitate the Approved Projects. The approximate location of the property to be dedicated is shown in **Exhibit H-4** and identified as either "Road Property" or "Other ROW Property". The City shall either pay Costco 52% of the fair market value for the Road Property and credit 48% of the fair market value toward Costco's Funding Obligation; or credit 100% of the fair market value against Costco's Funding Obligation of Approved Project costs. To determine the fair market value of the Road Property, the City shall obtain an appraisal of the Road Property from a qualified MAI appraiser. If Costco disagrees with the City's valuation of the Road Property, Costco shall have the right to obtain its own appraisal from a qualified MAI appraiser. The Parties shall then meet to try to agree upon a value for the Road Property. If the Parties are unable to agree upon a value for the Road Property, they shall submit it to arbitration under the process outlined in Paragraph 26 (*Dispute Resolution*), and the arbitrator shall determine a fair market value that is binding on both Parties. Costco shall dedicate the Other ROW Property to the City at no cost to the City at such time, or times, as the Other ROW Property is needed to complete the MTFAs Projects.
- b. The terms and timing for a traffic signal at the intersection of 10th Avenue and Lake Drive are established in **Exhibit H-2**. Costco may, however, at its sole and absolute discretion, request a roundabout in lieu of the signal, and the City will consider the operational and pedestrian implications of the request, as more specifically described in **Exhibit H-2**, Paragraph A. Whether a signal or roundabout is installed, intersection improvements will need to utilize a portion of the City-owned parcel (3557500060) as conceptually illustrated on **Exhibit H-5** ("**Intersection Property**"). Upon request by Costco, the City shall promptly convert the Intersection Property to right-of-way for Costco to use for the intersection improvements. Costco shall compensate the City for the fair market value of the Intersection Property; such fair market value shall be determined by following the same procedures used to determine the value of the Road Property, as outlined in Paragraph 22.a above.
- c. The City will donate, at no cost to the Approved Projects or to Costco, that portion of the right-of-way dedication area shown in green on **Exhibit H-4**, which is to be used for the right turn pocket at the intersection of Lake Drive and 10th Avenue NE which will be constructed as part of the MTFAs projects.

Disputes over this Paragraph 22 are subject to arbitration under the process outlined in Paragraph 26 (*Dispute Resolution*) of this MTFAs.

23. Early Termination or Suspension of the Agreement Due to Material Adverse Change. If during the term of the Development Agreement any "**Material Adverse Change**"

(defined below) shall occur which materially and adversely affects Costco's Future Development as provided under the Development Agreement, Costco in its good faith determination shall have the right, by written notice to the City, to terminate or suspend its remaining funding obligations under this MTFAs, in which event the City shall have the right to cease constructing the Approved Projects but such termination or suspension shall not affect the Development Agreement, the Approved Projects, or the Future Development previously constructed or for which construction has commenced. Should Costco exercise its right of termination or suspension under this Paragraph, the Parties shall meet to determine how best to wind down construction of any Approved Projects then under construction and assure payment of remaining costs, which cannot be mitigated, on any Approved Projects then under construction or for which the City is obligated under the Construction Contract Documents. For purposes of this Development Agreement, "Material Adverse Change" shall mean (a) any legal or arbitration proceeding by which Costco is, or potentially could be, significantly delayed, prohibited, restrained or enjoined from constructing its Future Development or (b) any action by third-parties, including the City, as a result of which the Future Development becomes materially impaired, restrained, or impractical.

24. Incorporation of Development Agreement Terms, Definitions, and Provisions. This MTFAs incorporates by reference the Development Agreement terms, definitions, and conditions as though those terms, definitions, and provisions were reproduced in full herein. Should an ambiguity or conflict arise between the terms of the MTFAs and the Development Agreement, the terms of the Development Agreement shall control.

25. Amendment of MTFAs. All proposed revisions to this MTFAs shall be reviewed and approved by (i) the "Designated Official" as defined in the Development Agreement, unless determined to be a Council Amendment as defined by Development Agreement Paragraph 26 (*Amendment of Agreement*); and (ii) Costco.

26. Dispute Resolution. Any disputes regarding the provisions of this MTFAs specified in Development Agreement Paragraph 38(b) (*Provisions Subject to Arbitration*) shall be submitted to binding arbitration using the procedures in Development Agreement Paragraph 37 (*Dispute Resolution*). Express reference to arbitration in some MTFAs Paragraphs is not intended to preclude use of arbitration to resolve non-policy disputes arising in other Paragraphs of the MTFAs that do not contain an express reference to arbitration subject to mutual agreement by the Parties.

27. Exhibits. This MTFAs includes the following Exhibits:

Exhibit H-1 – Schedule of Approved Projects

Exhibit H-2 – Costco SEPA Improvements and Frontage Improvements

Exhibit H-3 – Project Limits

Exhibit H-4 – ROW Dedication Areas & Future Encumbrance on Pickering Barn Property

Exhibit H-5 – Intersection Property: Future Encumbrance – Pickering Barn

Exhibit H-6 – Approximate Location of Building 6 Frontage Improvements

28. Indemnification. See Development Agreement Paragraph 28 (*Indemnification*).
29. Binding Effect; Assignability. See Development Agreement Paragraph 32 (*Binding Effect; Assignability*).
30. Interpretation. See Development Agreement Paragraph 33 (*Interpretation*).
31. Authority. See Development Agreement Paragraph 34 (*Authority*).
32. Notice of Default. See Development Agreement Paragraph 40 (*Notice of Default*).
33. Delays. See Development Agreement Paragraph 35 (*Delays*).
34. Notices. See Development Agreement Paragraph 36 (*Notices*).
35. Settlement Meeting. See Development Agreement Paragraph 39 (*Settlement Meeting*).
36. Selection of Arbitrator. See Development Agreement Paragraph 41 (*Selection of Arbitrator*).
37. Costs and Procedures for Arbitration. See Development Agreement Paragraph 42 (*Costs and Procedures for Arbitration*).
38. Governing Law and Venue. See Development Agreement Paragraph 43 (*Governing Law and Venue*).
39. Specific Performance. See Development Agreement Paragraph 44 (*Specific Performance*).
40. Attorney's Fees. See Development Agreement Paragraph 45 (*Attorney's Fees*).
41. No Third Party Beneficiary. See Development Agreement Paragraph 46 (*No Third Party Beneficiary*).
42. Severability. See Development Agreement Paragraph 47 (*Severability*).
43. Cooperation in Execution of Documents. See Development Agreement Paragraph 48 (*Cooperation in Execution of Documents*).
44. Full Understanding. See Development Agreement Paragraph 50 (*Full Understanding*).
45. Final and Complete Agreement. See Development Agreement Paragraph 51 (*Final and Complete Agreement*).

[Signatures Follow.]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date first set forth above.

Costco Wholesale Corporation,
a Washington corporation

By: _____
Richard J. Olin
Its: Senior Vice President and Assistant Secretary

City of Issaquah,
a Washington optional municipal code city

By: _____
Fred Butler
Its: Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

Issaquah City Attorney

STATE OF WASHINGTON

ss.

COUNTY OF KING

On this day personally appeared before me _____, to me known to be _____ of COSTCO WHOLESALE CORPORATION that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that _____ is authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

GIVEN under my hand and official seal this _____ day of _____, 2015.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at _____

My appointment expires _____

STATE OF WASHINGTON

ss.

COUNTY OF KING

On this day personally appeared before me _____, to me known to be _____ of the CITY OF ISSAQUAH, a Washington optional municipal code city that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that _____ is authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

GIVEN under my hand and official seal this ____ day of _____, 2015.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at _____

My appointment expires _____

EXHIBIT H-1
APPROVED PROJECTS – North Issaquah Roadway Network Improvements (52/48)

SCHEDULE		PROJECT COMPONENT	DESCRIPTION	TOTAL COST
Complete Design/Right-of-Way Acquisition	Construction			
		Project 1 – East Lake Sammamish Parkway: just north of Black Nugget Road to south of SE 62 nd Street		
June 1, 2015	2015 - 2016		Along west side of existing roadway an additional southbound travel lane, bicycle lane, curb, gutter and sidewalk with landscaping will be constructed.	\$ 7,566,296
		Project 2 – New Public Road: East Lake Sammamish Parkway to Lake Drive		
Start final design in October 2014: Completed by December 2016	April 2017 - 2019	SE 62 nd Street: E. Lake Sammamish Parkway to 4 th /221 st Avenue	Realign and widen SE 62 nd : 3 to 5 lanes wide, on north side of new alignment a 2-way bicycle facility, multi-use trail/sidewalk, and landscaping are planned. Curb and gutter on south side of new alignment. Reconstruct crossing of Regional Trail with a trail undercrossing and connections to the facilities along north side of new alignment.	\$ 40,817,674
		4 th /221 st /62 nd Intersection	Roundabout with slip lane from northbound 4 th to eastbound SE 62 nd	
		New Road: 4 th /221 st to Lake Drive	Approximately 1500 feet of new roadway (includes approx. 1000 ft. of bridge and purchase of environmentally sensitive lands); sidewalk on north side; enhancements to Pickering Trail east of Issaquah Creek; roundabout intersection; tie into Pickering Lower Retail area west of the roundabout.	
		Lake Drive	Reconstruct roadway to just south of intersection with 10 th Avenue NW to meet the modified CIDDs Core Street standard including bicycle lanes, sidewalks & landscaping, and realign to tie into intersection with the extension of SE 62 nd .	
		Project 3 – 12 th Avenue NW/SR-900 Intersection		
Start final design in 1 st quarter 2017; Complete final design & ROW acquisition in 2018	2020	Westbound leg of intersection	Construct a double left turn westbound to southbound SR-900; add bicycle lanes both directions; reconstruct 6 foot wide sidewalks on either side; no landscaping.	\$ 3,095,196
		Northbound leg of intersection	Add northbound to eastbound right turn lane.	
			TOTAL	\$ 51,479,166

EXHIBIT H-2
COSTCO SEPA IMPROVEMENTS AND FRONTAGE IMPROVEMENTS

The following street improvements will be coordinated as described below. These improvements do not include specific transitions and driveway designs, which will be evaluated with each land use permit review. Further, should Costco propose development of buildings not represented on the Land Plan, additional localized street improvements may be warranted.

A. SEPA Improvement.

A traffic control improvement at the intersection of 10th Avenue and Lake Drive has been identified as the sole SEPA improvement necessary for the construction of the Future Development. The traffic control shall be constructed pursuant to the following schedule:

Costco shall install the traffic signal prior to the time that Costco occupies any portion of the Future Development that equals or exceeds 550,000 square feet, unless Costco provides the City with a traffic analysis that demonstrates that the 10th Avenue and Lake Drive intersection will continue to function at an acceptable level of service with an amount of Future Development in excess of 550,000 square feet and no new intersection traffic control. At Costco's sole discretion, Costco may install the traffic signal at its election prior to the construction triggers established in this Paragraph. Structured parking (whether separate or as part of a building, and specifically including underground or underbuilding parking) may be constructed without counting against the 550,000 square foot trigger for a traffic signal discussed in this Paragraph.

Nothing in the foregoing precludes Costco from requesting some other form of intersection control, including a traffic roundabout. The City shall process Costco's request for the type of traffic control as an administrative decision. The Parties recognize that whatever form of traffic control is needed will require some acquisition of right-of-way from Parcel 3557500060 (see **Exhibit H-4**).

B. Lake Drive Frontage Improvements – west of 10th Avenue.

Prior to Costco's occupancy of the building designated as Building 6 on the Land Plan, Costco shall construct the modified core street frontage improvements (**Exhibit J**) on the south side of Lake Drive from the intersection of Lake Drive and 10th Avenue west to the existing office building driveway located opposite the most easterly Costco Warehouse driveway (as shown on **Exhibit H-6**). The Parties acknowledge that a substantial portion of the right-of-way along the east/west segment of Lake Drive is currently owned by the Pickering Place Owners Association ("PPOA"). Costco and the City will use reasonable efforts, at no cost to the City or Costco, to obtain the PPOA's approval, to the extent necessary, to construct improvements on this right-of-way. In the event that the Parties cannot obtain consent from the PPOA despite the Parties' reasonable efforts, then construction of Building 6 can proceed without modification to the south side of Lake Drive, except for any necessary safety improvements required for the operation of Building 6.

C. Pedestrian Connection, west side of 10th Avenue.

The Parties recognize that the area between the 10th Avenue NW driveway to the Costco warehouse and the 10th Avenue NW/Lake Drive intersection (“Area”) presents pedestrian connectivity issues for several reasons including the lack of a sidewalk in the Area on the west side of 10th Avenue NW; there is no pedestrian crossing from the Costco main entrance to Pickering Barn; vehicular traffic volumes and turning movements; the location of the slip lane for the Costco gas station; and the location of the main entrance for the Costco warehouse. Future pedestrian connectivity in the Area will be addressed as follows:

(i) Within twelve (12) months from the Effective Date, the Parties shall meet to discuss pedestrian connection alternatives for this area. Following the meeting(s), City staff will provide a briefing presentation to the Council Infrastructure Committee, or its equivalent;

(ii) Costco may construct a warehouse expansion or new development on the warehouse property to a maximum of 100,000 square feet without having to evaluate, upgrade, or construct pedestrian connectivity improvements in the Area;

(iii) Costco may expand the gas station with new fuel tanks and up to a maximum 50% increase in the number of fueling stations without having to evaluate, upgrade, or construct pedestrian connectivity improvements in the Area;

(iv) Costco may construct all development shown on the Land Plan, including, without limitation, the car wash and/or Building 6, without having to evaluate, upgrade, or construct pedestrian connectivity improvements in the Area;

(v) Costco may construct the 10th Avenue and Lake Drive intersection improvements (**Exhibit H-2: Section A-SEPA Improvement**) without having to upgrade or construct pedestrian connectivity improvements in the Area; however, at the time Costco applies for permits to construct the 10th Avenue intersection improvements, Costco and the City shall evaluate pedestrian connectivity in the Area, including opportunities for improving pedestrian connectivity in the Area with future upgrades and improvements.

The intent of this Paragraph is to ensure that a requirement for pedestrian connectivity improvements to the existing conditions in the Area shall not be used to delay or block the land use approvals for Costco’s Future Development, while acknowledging that pedestrian connectivity in the Area is incomplete. Development of the warehouse site that exceeds the limits in subsections (ii) and (iii) shall trigger the need to evaluate and possibly upgrade and construct pedestrian connectivity improvements in the Area.

D. Garage Expansion and Car Wash.

No SEPA improvements or frontage improvements shall be required in connection with Costco’s construction of i) the car wash as shown on the Land Plan; or, ii) expansion of the Parking garage.

E. Future Traffic Analysis.

With each building permit submittal for the Future Development, Costco shall provide a traffic analysis in a form acceptable to the City that evaluates driveways and street operations anticipated to be affected by the Future Development under consideration. Any City request for additional driveway and/or street operations improvements shall be supported by this traffic analysis and shall be the minimum necessary to ensure safety and functional operation of the street system in the immediate vicinity of the proposed Future Development.

**EXHIBIT H-3
PROJECT LIMITS**

Project Limits



EXHIBIT H-4

ROW Dedications & Future Encumbrance on a Portion of the Pickering Barn Property (Parcel 3557500060) to Accommodate the 10th Avenue/Lake Drive Traffic Control

ROW Dedication Areas

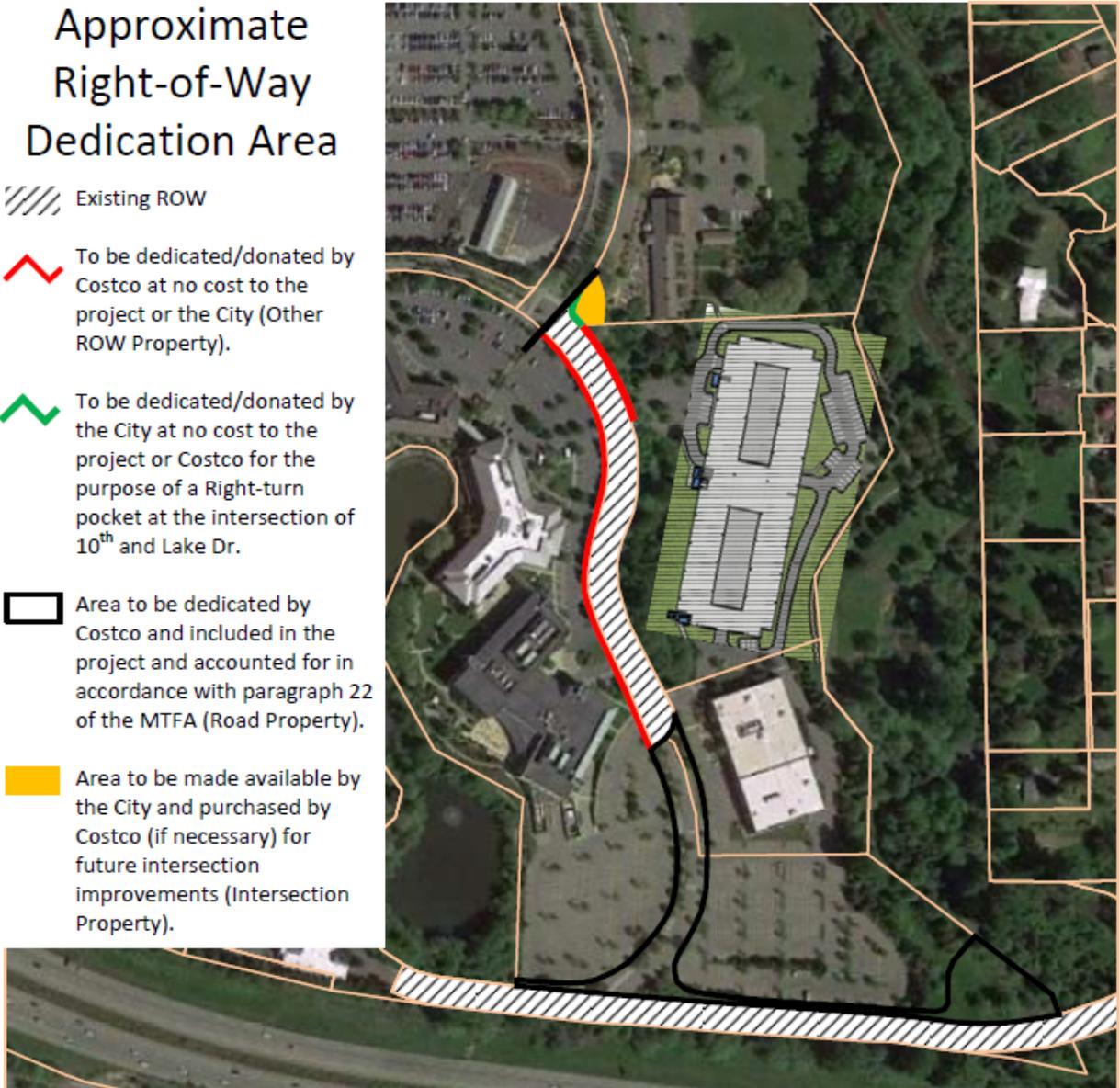


EXHIBIT H-5

Intersection Property: Future Encumbrance – Pickering Barn (Parcel 3557500060)

Future Encumbrance on a Portion of the Pickering Barn Property to Accommodate the 10th Avenue/Lake Drive Traffic Control Facility

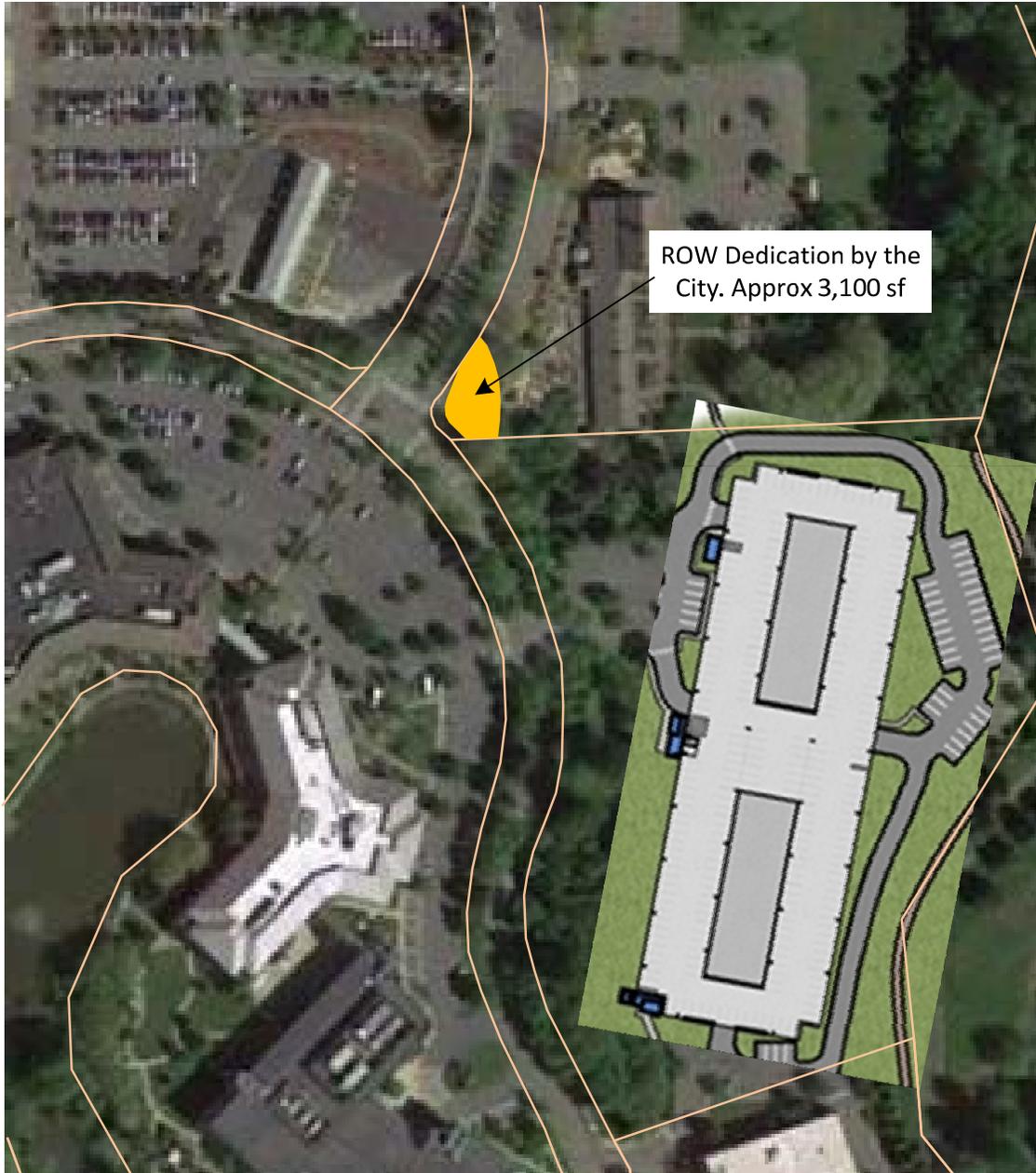


EXHIBIT H-6

Approximate location of Building 6 frontage improvements required when Building 6 is constructed.



The location of the eastern limit of work shown above is not intended to indicate that the improvements at the intersection of 10th Ave. NE and Lake Dr. are in any way linked to, or required for, the construction of Building 6.

Exhibit I

Non-Traffic Impact Fees

The following Impact fees shall be paid by Costco as part of the standard permitting process established by the City. Fees shall be adjusted annually (January 1) based on the following indices:

Fire: Building Cost Index

Police & General Government: Construction Cost Index

Parks: Construction Cost Index

Fire:

Office: \$230.07/1,000 sf

Retail: \$736.21/1,000 sf

General Government:

\$47.80/1,000 sf

Police:

Office: \$119.49/1,000 sf

Retail: \$884.23/1,000 sf

Parks:

\$320/1,000 sf

Should Costco seek to develop Land Uses not identified in this **Exhibit I** (e.g. Residential, etc.), Costco will pay the Impact Fee in place for that use in conformance with the City's standard permitting process. Further, at Costco's sole discretion, the above-listed fees may be pre-paid at the adjusted rate in place at the time of payment.

Exhibit J

CIDDS Interpretations & Adjustments

- 1.0 Purpose and Intent
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 - A. Introduction
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1.0 PURPOSE AND INTENT

This Agreement is intended to run for a period of thirty (30) years. The Parties recognize that neither Party is prescient enough to anticipate all of the potential changes in Costco's business needs, construction techniques, or architectural design that may occur during that time period. The Parties agree that interpretations of, and adjustments to, the CIDDS are appropriate to address specific design and land use elements of the Future Development so long as the interpretation or adjustment results in a project that is consistent with the CIP and CIDDS. Therefore, through the adoption of this Agreement, it is the intent of the Parties to create a development framework inside of which future City staff and Costco's development team members shall have flexibility to respond to evolutions in workplace design and development. Some of the City's CIDDS require interpretation and adjustment to ensure reasonable application to Costco's existing Home Office Campus and Future Development as depicted on the Land Plan (**Exhibit D**) while maintaining consistency with the CIP and CIDDS. The CIDDS Interpretations and Adjustment of Standards set forth in this **Exhibit J** are the interpretations and adjustments that have been anticipated by the Parties at this time specifically for, and only for, the properties subject to the terms of this Agreement. Identification of these interpretations and adjustments as part of this Agreement are not intended to preclude future interpretations and adjustments in conjunction with specific development applications.

- A. Vested Rights. The Future Development shall be governed by this Agreement and is vested to the applicable provisions of the CIDDS and other land use regulations in effect on the Effective Date of this Agreement and as interpreted and adjusted in this **Exhibit J**. All Future Development shall be implemented through plats, short plats, site development permits, building permits and other permits and approvals (i.e. Entitlement Process) issued by the Designated Official. As authorized in RCW 36.70B.170(3)(i), the term of this Agreement is thirty (30) years to commence from the Effective Date of this Agreement. All Entitlement Process applications for the Future Development must be applied for within this thirty (30) year time period. For purposes of this Agreement, the interpretations and adjustment of standards provided in this **Exhibit J** are vested for the term of the Development Agreement and are material to Costco's decision to enter into this Agreement.

2.0 INTERPRETATIONS

- A. Introduction. CIDDS Section 1.1.D identifies that Interpretations are authorized to clarify the CIDDS while recognizing that the intent is fixed, while the methods are flexible. The following are initial Interpretations prepared according to this section of the CIDDS. Others may be requested and granted in the future.
- B. Floor Area Ratio (FAR).
1. Interpretation: The Parties agree that the existing development on the Costco Property and the Future Development on the Properties, which includes any subsequently added property located within the Expansion Area meets the FAR requirements of the CIDDS, regardless of whether or not Costco builds the entire Entitlement approved by this Agreement. The rationale for this interpretation is set forth in **Exhibit F**. Individual parcel development in the Expansion Areas will be built to meet the minimum CIDDS FAR of 0.55.
- C. Flexibility Objectives.
1. Interpretation: The provisions of this Paragraph shall be enacted as a separate tool to the Administrative Adjustment of Standards (AAS) provisions of the CIDDS and apply only relative to content of the Development Agreement. The Parties recognize that items will arise during the term of this Agreement that may be appropriate as Administrative actions to the Development Agreement that would not warrant Council attention. The Flexibility Objectives will allow the Designated Official the ability to respond where it can be demonstrated that requested changes will provide a comparable benefit or functional equivalence with no significant reduction of public benefits, environmental protection, or increased material cost to Costco. During the Entitlement Process, the Designated Official shall employ a Level 1 review of proposed Flexibility Objectives (except no property posting is required); and, shall approve requested Flexibility Objectives that provide comparable benefit or functional equivalence to the applicable IMC or CIDDS.

D. Mixed Parking Maximums.

1. Interpretation: The City will evaluate parking within the Costco Property as a “Parking District” as set forth in CIDDS 8.14. The Land Plan shows both surface and structured parking. CIDDS Table 8.10-1 limits surface parking to a maximum number of stalls depending on use (“Maximum Allowed Parking”). Per CIDDS, “Structured Parking”, including freestanding, or parking incorporated into another building, whether above or below ground, may exceed the Maximum Allowed Parking. Total surface parking shall be equal to or below the total Maximum Allowed Parking. Total parking may exceed the maximum if all parking above the Maximum Allowed Parking is Structured Parking. How Costco functionally administers the use of their parking within the CIDDS requirements is at Costco’s discretion.

E. Building Setbacks and Build to Line.

1. Interpretation: Use Land Plan Approval Condition #4:

With future land use and construction permits, building and Community Space design and placement shall meet the purpose and intent of the CIDDS, where due to existing curvilinear streets, property lines, block length, and the secure nature of Costco buildings, it is not possible to meet the strict letter of the standards. Site plans will:

- Locate buildings to create a Streetwall to the extent practical or reasonable without forcing all building designs to be curved;
- Place buildings to create a container for the Public Realm;
- Provide Community Spaces in locations, sizes, and designs to complement the buildings;
- Use buildings and other elements to shape the Public Realm and Community Spaces in thoughtful, useful ways, appropriately sized for activities other than just entering and exiting the building;
- Where setbacks are provided, make them a purposeful use of the land not a buffer between sidewalks and buildings;
- Where the building placement does not strictly comply with CIDDS, future permits will utilize tools such as CIDDS 11.3.J that provide elements that stand in for the missing Streetwall;
- At corners, maximize the presence of buildings to comply with CIDDS 11.3.H to the extent possible;

- In balancing the requirements of the CIDDS for Building 4A, the design and review process will explore opportunities to incorporate and/or highlight territorial views and vistas.

Where streets are straight, such as along the southern edge of Building 4A, the buildings will meet the CIDDS requirements.

F. Warehouse Light Pole Heights for Warehouse Store Parking Lot.

1. Interpretation: During the term of this Agreement, Costco shall be permitted to continue to use the existing 25-foot light standards to light the consumer warehouse store parking lot, so long as the total number of over-height poles is not increased. A change in greater than 50% of the pole locations shall require Costco to bring the warehouse lights into full compliance with the CIDDS. Any replacement (up to and including 50%) of the existing light standards shall be improved to have full cut-off fixtures and be more energy efficient than the existing light standards.

G. Community Space.

1. Interpretation: Through this Development Agreement, Costco and the City have worked to balance Costco's need to provide a safe and inviting workplace with implementing the CIP and CIDDS and making a positive contribution to the Public Realm. As a clarification to both the definitions of Public Realm and Community Spaces in the CIDDS, "Required Community Spaces" on Costco's property are privately owned and the use of Costco's property is intended for employees, vendors, invited guests, and visitors. No "Significant Community Spaces" are located within the Costco Property, though they are located on some parcels within the Expansion Area.

H. Skybridge.

1. Interpretation:

Costco shall have the right to construct one skybridge between each pair of buildings, as generally depicted on the Land Plan (**Exhibit D**). In addition, Costco shall have the right to construct one skybridge that crosses the future public right-of-way on the proposed extension of Lake Drive, with the option of requesting additional crossings of the right-of-way with additional review of the view and other related impacts.

The location of the approved crossing of Lake Drive ("Lake Drive Skybridge") will be determined in the future as part of the Future Development permitting. To address the air rights needed to construct the Lake Drive Skybridge, the Parties agree as follows:

- 1.1 Relocatable Air Rights Easement. When fulfilling the MTFA Paragraph 22 (*Dedication of Property*) requirement to dedicate a portion of its

property for the MTFA Approved Project on Lake Drive, Costco shall be entitled to reserve in perpetuity air rights of sufficient size and character to accommodate the Lake Drive Skybridge (“Air Rights Easement”) with provisions that allow relocation of the Air Rights Easement at the time when a specific location for the Lake Drive Skybridge is approved through the land use permitting process. City approval of the terms of the reservation shall not be unreasonably withheld, conditioned, or delayed.

- 1.2 Special Use Permit. If Costco elects to construct a skybridge over a publicly-owned portion of Lake Drive, subject to City land use permit approval, the City agrees to issue a Special Use Permit for a duration of ninety-nine (99) years of sufficient size and character to accommodate the skybridge in this location. The City’s consent to the Special Use Permit shall not be unreasonably withheld, conditioned, or delayed. If granted, Costco shall reimburse the City for the fair market value of the encumbrance or obtain an adjustment to the MTFA funding process for the dedication of the Road Property. If the Parties are unable to agree on the fair market value of the requested encumbrance, the Parties shall follow the MTFA Paragraph 22 (*Dedication of Property*) appraisal and dispute resolution process. The purpose of the Special Use Permit is intended to ensure the City receives adequate liability coverage and indemnity for permitting a structure over the right-of-way and to provide for a means for the City to require removal or relocation of the skybridge(s) after a reasonable period of time, should it be deemed necessary. No additional discretionary conditions shall be imposed so long as the proposed skybridge(s) meet the criteria listed in this Paragraph.

Through the Minor Alteration process, Costco shall have the right to request additional skybridges not depicted on the Land Plan (**Exhibit D**). All skybridges shall meet the following criteria:

- a. The skybridge span and structure shall be architecturally integrated;
- b. The placement and design of the skybridge shall consider the external impacts and design opportunities of the bridge. For example, the bridge may be used to create a gateway or entrance to an area, frame a plaza or gathering place, or mark an important location in the development;
- c. The design and interior of the skybridge should be pleasant, including features such as human scale elements, skylights, patterned paving/flooring, or views;
- d. Skybridges shall not angle up or down from one building to another and shall be perceived to be level both internally to the bridge user and externally, with no more than three percent (3%) grade change. Any grade change must be concealed by the bridge design or occur within the building that it is connected to;

- e. Skybridges that cross the public right-of-way shall not be multi-level;
 - f. The walls of the skybridge shall generally be transparent or open (approximately 70%) for orientation, user comfort, and safety;
 - g. Depending on the uses, length, and level of activity, skybridges should have an interior passageway at least ten (10) to fifteen (15) feet in width. Unless the skybridge incorporates activities such as informal gathering spaces, the interior passageway should not be more than twenty (20) feet in width. The interior height of the passageway shall be at least eight (8) feet in height;
 - h. Skybridges shall not diverge from a perpendicular angle to the right-of-way or circulation facility it crosses by more than thirty (30) degrees; and,
 - i. These skybridge criteria may be applied and/or modified by the Designated Official in conjunction with review of a specific land use application so long as the request is consistent with this Agreement.
- I. Permit Review and Processing Including Alterations to the Land Plan (**Exhibit D**). The Land Plan (**Exhibit D**) represents the Parties' current vision of how the Future Development might be constructed on the Costco Property.
- 1. Interpretation: The Future Development shall be subject to the following permit processes for future Entitlements:
 - a. Future Development proposals at or over 150,000 square feet of gross area (new, revised, added) shall be subject to the following review as long as they are consistent with the Land Plan (**Exhibit D**) or have only Minor Alterations, as defined in **Exhibit E**. In such cases, the proposal's review will be consistent with a CIDDS process for administrative review, except that after a complete submittal and during the review process, an informal Community Conference will be held with the Development Commission. The purpose of the Community Conference is to invite conversation and receive input from the Commission and public on the consistency of the Future Development proposal with the Land Plan, the CIP, and the CIDDS. City staff will use this input to ensure the proposal is consistent with the Land Plan, the CIP, and CIDDS. Where the Commission identifies an element of the Future Development that, in their evaluation, is inconsistent with the Land Plan, CIP, or CIDDS, City staff shall prepare a response analyzing the claimed inconsistency, explaining the basis for staff's response, and if staff concludes that an inconsistency exists, how it will be addressed in the decision; however, in no case will staff's decision be influenced by Community Conference input that in the Designated Official's view is inconsistent or in conflict with this Agreement, the Land Plan, the CIP, and CIDDS, relative to the particular application under review.

- b. Future Development proposals at or over 150,000 square feet of gross area (new, revised, added) that include a Major Alteration shall be reviewed consistent with CIDDS process for a Level 3 review. Costco shall have the right to propose Major Alterations to the Land Plan, without limitation. (It should be noted that projects in the Mixed Use area, where some portions of the Expansion Areas are located, would have a threshold of 100,000 square feet for determining when a Level 3 review is required, per CIDDS.)
2. The following summarizes the existing permit process established by CIDDS and is provided here for ease of use. It is not an Interpretation.
 - a. Future Development proposals under 150,000 square feet of gross area (new, revised, added) shall be subject to a Level 0 to 2 administrative review, whether or not the development proposal is consistent with the Land Plan. The level of review shall be as determined by the CIDDS. (It should be noted that projects in the Mixed Use zone, where some portions of the Expansion Areas are located, would have a threshold of 100,000 square feet for determining administrative versus Commission decisions per CIDDS.)
 - b. Minor Alterations to the Land Plan will be identified and reviewed in conjunction with the associated permit.
 - c. Construction Permits: Construction permits including Site Work, Building, and Landscape permits, will be reviewed as Level 0 permits.
 - d. Appeals: Appeals for decisions on Land Use permits will be reviewed for consistency with the provisions in the CIDDS and will be limited to items that have not received prior approvals either under the terms of this Agreement or during the term of this Agreement.

J. Block Length and Pedestrian Circulation

1. Interpretation: Incrementally build a connected pedestrian system between Lake Drive and the Shared Use Routes behind the buildings (Pickering Trail and Pickering Pond Trail) consistent with the intent of CIDDS Section 6.2.A. If buildings are longer than 300 feet, open air arcades, enclosed through building atriums, or elements that serve a similar purpose will be provided to implement the Block length requirements of CIDDS Section 6.2.A. The Land Plan was evaluated and approved with the following level of connectivity being determined to be consistent with the intent of CIDDS Section 6.2.A, at approximately the frequency shown in the Staff Report illustration: 1) outside Through Block Passages between buildings and 2) internal building Passageways via main entryways from street-side plazas and trail-side plazas, which will have access limited to Costco employees and invited guests; however, the Staff Report illustration is a concept and will likely not be constructed exactly as shown.

Entries into and exits from the buildings to the plazas are not required to be internally connected via a straight line, though the route through the building should be direct and comprehensible for Costco employees.

3.0 ADMINISTRATIVE ADJUSTMENT OF STANDARDS (AAS)

A. CIDDS Section 1.1.E identifies that Administrative Adjustment of Standards (AAS) are authorized to provide flexibility in modifying the CIDDS while recognizing that the intent is fixed, while the methods are flexible. The following are initial AAS prepared according to this section of the CIDDS or the AAS section of relevant standards. Others may be requested and granted in the future.

B. Core Street Standards:

1. Request: to modify CIDDS 6.4.F as follows:

	Right-of-Way Width	Pavement Width	# of travel lanes	Center turn lanes	Lane width	Bike Lane *	Sidewalk*	Planting Strip *	On-street Parking
Request	64 ft.	40 ft.	2	1	10 ft.	5 ft.	6 ft.	6 ft.	None

* both sides of the street

2. Decision: for the Costco campus, a modified Core Street standard will be used as follows unless additional requests for adjustments are submitted and approved:

	Right-of-Way Width	Pavement Width	# of travel lanes	Center turn lanes	Lane width	Bike Lane *	Sidewalk *	Planting Strip *	On-street Parking
Adopted	74 ft.	46 ft.	2	0	10 ft.	5 ft.	8 ft.	6 ft.	8 ft.
Approved	64 ft.	40 ft.	2	1	10 ft.	5 ft.	6 ft.	6 ft.	None

* both sides of the street

C. Corporate Signs.

1. Request: Costco shall be permitted to have a Corporate Identification sign located above sixty-five (65) feet (CIDDS 9.27).

2. Decision: Without limitation to Costco’s right to install other signage consistent with the CIDDS, Costco shall be permitted to have one Corporate Identification sign located on one building eight (8) or more stories in height. All other buildings on which Costco desires to have a Corporate Identification sign shall meet the height requirement as adopted in CIDDS Chapter 9. Costco shall comply with all other provisions of the CIDDS Chapter 9 Sign Code regarding Corporate Identification signs whether undertaken per this AAS or not.

D. Retail Warehouse Parking Stall Size.

1. Request: Modify CIDDS 8.18.B.1, 8.20 to allow the use of a maximum parking stall size of up to 10 feet by 20 feet.
2. Decision: Costco shall be permitted to exceed the City's maximum standard parking stall size anywhere, and to any extent, on the existing retail warehouse block (i.e., the block bounded by 10th Ave. NW on the east, 11th Ave. NW on the west, Lake Drive on the south and 56th Street on the north). Such parking shall be permitted up to a maximum stall size of 10 feet x 20 feet (known as an "Oversized Stall"). Costco shall also be permitted to use Oversized Stalls on any portion of the Properties associated with the 250,000 square feet of allowed non-office uses, where the non-office use is similar to, or reasonably consistent with, the Costco warehouse store model (i.e. generates, on average, a significant volume of merchandise being purchased at each shopping trip), or the products sold are quite large (e.g. furniture, appliances, bulky packages). If Costco demonstrates that a future use of the 250,000 square feet of allowed non-offices uses meets one of the above tests, the City will approve the use of the Oversized Stalls in association with that use.

E. Triggers and Methods for Compliance with CIP and CIDDS.

1. Request: Modify CIDDS Definitions of Development and Redevelopment as follows:

Development Development in the context of the Costco Development Agreement, is land use or construction permits for a new freestanding building including, without limitation, Buildings 4A, 4B, 5, 6, and the carwash shown in the Land Plan. Development shall comply with the CIP and CIDDS within the rights granted through CIDDS for Interpretations and Administrative Adjustments of Standards, and consistent with the Development Agreement.

Redevelopment Redevelopment is the alteration, remodeling, or expansion of the currently existing buildings on the Home Office Campus (Home Office Buildings 1, 2, 3, Trading, or Warehouse) and the Properties covered by this Agreement. The Parties recognize that application of the CIDDS to Costco's existing development creates issues that will have to be analyzed in association with individual permit applications. It is the Parties intention that application of the CIDDS will be reasonable with the goal of reducing non-conformities as practical and feasible, given the scope of each proposal. Through the term of this Agreement, as Costco alters, remodels, and expands the currently existing buildings on the Home Office Campus (Home Office Buildings 1, 2, 3, Trading, or Warehouse) and the Properties covered by this Agreement, with building alterations, remodels and expansions that require a City land use permit; and or modifies areas of the site (either in association with building construction or not) but again requiring a City permit, the following performance standards will apply as Costco and the City collaborate:

- a. In addressing existing non-conformities, Costco will endeavor in good faith to comply with the CIP and CIDDS as practical and feasible, recognizing that in some cases this will only be a reduction in the degree of non-compliance, as long as the cost is reasonably proportionate to the total construction cost of the project and compliance does not meaningfully (i.e. materially) impair functionality.
- b. The City will be reasonable in the aspects of the building and site which are identified to be brought into compliance with the CIP and CIDDS, proposing only elements:
 - i.) that have an obvious functional relationship to reduce or eliminate a non-conformity;
 - ii.) for which there is a direct relationship (not limited to physical proximity) between the area(s)/element(s) to be made more or fully compliant and the existing area(s)/element(s) proposed to be altered, remodel, expanded; and
 - iii.) where the cost of the CIP and CIDDS compliance is reasonably proportionate to the total construction cost of the project.

2. Decision: Request approved.

EXHIBIT K SUSTAINABILITY

- 1.0 Purpose & Intent
- 2.0 Sustainability Goals
- 3.0 Sustainability Tools
- 4.0 Administrative Modification of Standards

1.0 Purpose & Intent

This **Exhibit K** establishes a strategy for sustainable development on Costco's Corporate Campus as envisioned by the Growth Management Act and the City's Comprehensive Plan and Central Issaquah Plan.

The City places a high priority on sustainability, and is known regionally for its innovative approach to achieving sustainability goals. Specific areas of focus include reducing the City's 2007 carbon emissions (established as 281,000 metric tons of CO₂ equivalent by the City's draft Energy/Carbon plan) by 80% by 2050. Building operations account for about 40% of CO₂ emissions nationally, and about 30% comes from transportation.

Similarly, Costco is committed to sustainability. Costco uses recycled materials when developing new warehouses, and installs state of the art monitoring and management systems to minimize energy consumption. From an operational perspective, Costco constantly evaluates packaging and distribution networks to minimize its carbon footprint, and these efforts have eliminated hundreds of thousands of vehicle miles and resultant CO₂ emissions. Regarding renewable energy, Costco is the 2nd largest private solar power generator in the state of California.

Costco's corporate campus is an investment in the company's future, and Costco will incorporate sustainability into new office buildings ("New Office Buildings") or new retail buildings ("New Retail Buildings"), collectively "New Buildings", that it constructs as part of the Future Development. The commitments of this **Exhibit K** shall not apply to remodels, additions, or renovations to existing buildings on the Properties.

Because both the City and Costco are committed to sustainability, the Parties agree to the following:

- The techniques and materials that constitute "sustainability" are dynamic and evolving rapidly and this **Exhibit K** is intended to create a flexible framework to address the sustainability of the New Buildings;
- The three constituent parts of sustainability (environmental, economic, and social) shall be addressed in the New Buildings; and
- The Parties agree that the inclusion of a sustainability evaluation process will allow the City and Costco to improve the effectiveness of sustainability-related components of the New Buildings.

2.0 Sustainability Goals

The City's Central Issaquah Plan (CIP), a Comprehensive Plan element, identifies several goals for sustainability. Environmental Policy C2 on page 50 states as follows:

E Policy C2. Encourage buildings and infrastructure in the public and private sectors which:

- a. Use less energy and have a lower climate impact
- b. Use less water
- c. Are less toxic and healthier
- d. Incorporate recycled, third party green certified, and locally produced materials
- e. Reduce stormwater runoff
- f. Provide wildlife habitat

Furthermore, previous development agreements between the City and third parties identified the following sustainability goals:

- 2.1 Energy Efficiency and Carbon Reduction. Make buildings more energy efficient and deliver energy with renewable technologies to reduce carbon emissions, consistent with the City's carbon emissions goals.
- 2.2 Waste Reduction. Reduce waste, reusing where possible, and striving for zero waste to landfill.
- 2.3 Sustainable Materials. Use sustainable products, with low embodied energy, made from renewable, sustainably harvested, or waste resources.
- 2.4 Sustainable Water. Use water more efficiently in buildings and landscaping; manage stormwater and landscaping to prevent pollution and to reduce potable water demand.
- 2.5 Sustainable Mobility. Encourage low-carbon and mass transportation to reduce emissions. Provide a transit, pedestrian, and bicycle oriented development that results in reduction in vehicle miles traveled, lowering CO₂ emissions and improving air quality.
- 2.6 Health and Happiness. Encourage active, sociable, meaningful lives to promote good health and well-being.
- 2.7 Economics. Success is enhanced when it is economically practical to implement sustainable techniques.
- 2.8 Innovation. Use creative, cost effective solutions to achieve significant reductions in environmental impacts.

3.0 Sustainability Tools

To implement the above-identified Goals, the City and Costco agree upon the following Sustainability Tools for the New Buildings.

3.1 Connectivity

The allowed land uses, proximity to transit service, and pedestrian and bicycle facilities on and adjacent to the Costco Property will result in a compact, urban development near regional transit facilities that are part of a mixed-use zone/community. The Development Agreement addresses pedestrian and bicycle facilities that connect to transit routes in the area. Costco also supports ride sharing to reduce single occupancy vehicle trips. Costco is the single largest participant in King County's Ride Share and Vanpool program in Issaquah. This orientation inherently supports fewer single occupancy vehicle trips, which is a high sustainability priority.

3.2 Sustainable Building

For New Building construction (building core and shell), Costco shall incorporate sustainability measures, as provided for in this Section.

3.2.1 Leadership Innovation

3.2.1(A) New Office Buildings

Costco will target the energy efficient performance of any New Office Building to a level similar to LEED Silver equivalency, or higher (LEED, Green Globes or other similar building analysis tool may be used, at Costco's sole discretion). New Office Building performance will be verified by either a City official or Costco's architects without the added expense, time and processing of a LEED certificate. In addition, each New Office Building will provide at least one (1) significantly-sustainable innovation, selected by Costco in its sole discretion, from the following list ("Leadership Innovation"):

- a. For any one New Office Building, Costco may retrofit one existing campus building with sustainable measures approved by the Designated Official;
- b. Sewage heat recovery system;
- c. Use of alternative or renewable energy production (i.e. photovoltaic (PV), geo-thermal, wind turbines, etc.) to generate measurable power for building need (at least 2%, or as mutually agreed based on engineering calculations);
- d. Building energy optimization strategy to reduce total modeled design energy demand to less than that mandated by the State Energy Code;
- e. LEED Gold or Platinum design equivalency or 3-4 Green Globes;
or

- f. An equivalent innovation as determined by Costco, and approved by the Designated Official as allowed through Section 4 of this **Exhibit K**.

3.2.1(B) New Retail Buildings

Costco will target the energy efficient performance of any New Retail Building to a level similar to LEED Certified equivalency or higher (LEED, Green Globes or other similar building analysis tool may be used, at Costco's sole discretion). New Retail Building performance will be verified by either a City official or Costco's architects without the added expense, time and processing of a LEED certificate.

3.2.2 Technology Innovation

For each New Office Building, in addition to the Leadership Innovation, Costco shall select at least one (1) sustainability innovation focused on techniques and technologies which are tested but not commonplace, and which could benefit the community by demonstration ("Technology Innovation"). Alternatively, Costco's achievement of a second Leadership Innovation shall substitute for the requirement that Costco achieve a Technology Innovation. In constructing each New Office Building, Costco may select, in its sole discretion, from the following Technology Innovations:

- a. Energy and Water sub-metering for all floors and 2,000+ square foot spaces;
- b. Tenant and public (customer and visitor) energy feedback displays;
- c. Rainwater reuse for irrigation and/or non-drinking interior uses such as toilets;
- d. EnergyStar 75+ certification;
- e. FSC or SFI wood use (50% minimum by cost);
- f. Recycle 90% of construction waste;
- g. Divert 65% of waste in operations from landfill or traditional disposal;
- h. Reduce modeled potable water use by 30% through innovative measures;
- i. Provide electric vehicle (EV) priority parking and charging stations; or,
- j. Other equivalent innovations as determined by Costco, and approved by the Designated Official as allowed by Section 4 of this Exhibit.

3.3 Transportation Management

Costco already manages a large rideshare/van pool program that includes a Transportation Management Plan and Commute Trip Reduction strategies. Costco shall continue to periodically evaluate, update and seek to improve its Transportation Management Plan and Commute Trip Reduction strategies.

3.4 Sustainability Review

Following construction of each New Building, Costco shall prepare a Sustainability Review (“Review”) as set forth in Sections 3.5 and 3.6. The Review will list the major sustainability features that were incorporated into the New Building then under review and will describe how the Section 2.0 Goals have been addressed in that particular building or buildings.

3.5 Schedule

The Review for each New Building will occur within one (1) year following occupancy of that New Building.

3.6 Contents

The Review shall be written for the general public and will be in a format chosen by Costco and agreed upon by the Designated Official. The Review should contain the following points:

- Narrative description of how sustainability features were incorporated into the building(s) constructed during the review period;
- Quantitative measures available to support the narrative;
- Summary of key findings; and
- Possible areas for improvement based on new sustainability techniques and measures.

4.0 Administrative Modification of Standards

Adjustments to specific provisions of this **Exhibit K** shall be through an Administrative Modification.

- A. In reviewing a request for an Administrative Modification, the Designated Official shall consider and balance the following criteria:
 - a. The modification shall be equal to, or superior in, fulfilling the intent, purpose and goals of this Exhibit (Sections 1.0 , 2.0 and 3.0); and
 - b. The granting of the modification will not be materially detrimental to the public welfare or injurious to the Costco Property or improvements in the vicinity of the Costco Property.
- B. Reasonable conditions may be imposed in an Administrative Modification, provided that such conditions are the minimum necessary to allow the requested modification to meet the Section 4(A) criteria.
- C. Case by case modifications:
 - a. In the event that the LEED Program does not exist at the time of building permit application for any New Building, an equivalent level of

sustainability shall be provided and specified through a modification process.

- b. If the energy or other reductions specified in this Exhibit become unreasonable due to advancing requirements in the energy code, then other measures may be substituted, after agreement by the Parties, to demonstrate a leadership in energy efficiency.

D. Actions Requiring Council Approval:

- a. In the event that the Parties agree that state and local codes have been amended to provide an equivalent level of sustainability requirements, this Exhibit may be terminated, upon request from Costco; or
- b. Elimination of one or more of the Connectivity, Leadership Innovation, or Technical Innovation requirements in Sections 3.1 or 3.2.