



CITY OF
TUMWATER

**CITY COUNCIL WORK SESSION
MEETING AGENDA**

**Online via Zoom and In Person at
Tumwater City Hall, Council Chambers,
555 Israel Rd. SW, Tumwater, WA 98501**

**Tuesday, September 08, 2026
6:00 PM**

1. Call to Order
2. Roll Call
3. Costco Development Agreement (Executive Department)
4. Budget Workshop #1 (Finance Department)
5. Mayor/City Administrator's Report
6. Adjourn

Meeting Information

The public are welcome to attend in person, by telephone or online via Zoom.

Watch Online

<https://us02web.zoom.us/j/83783698484?pwd=JbvaFSpEbcELDIYhtPHawIS6VaDFPD.1>

Listen by Telephone

Call (253) 215-8782, listen for the prompts and enter the Webinar ID 837 8369 8484 and Passcode 301927.

Public Comment

The public may submit comments by sending an email to council@ci.tumwater.wa.us, no later than 4:00 p.m. the day of the meeting. Comments are submitted directly to the Councilmembers and will not be read individually into the record of the meeting.

Post Meeting

Video of this meeting will be recorded and posted on our City Meeting page: <https://tumwater-wa.municodemeetings.com>.

Accommodations

The City of Tumwater takes pride in ensuring that people with disabilities are able to take part in, and benefit from, the range of public programs, services, and activities offered by the City. To request an accommodation or alternate format of communication, please contact the City's ADA Coordinator directly, call (360) 754-4129 or email ADACoordinator@ci.tumwater.wa.us. For vision or hearing impaired services, please contact the Washington State Relay Services at 7-1-1 or 1-(800)-833-6384.

TO: City Council
FROM: Paul Simmons, City Administrator, and Brad Medrud, Community Development Director
DATE: September 8, 2026
SUBJECT: Costco Development Agreement

1) Recommended Action:

No action is requested. This is an opportunity for discussion about the topic.

2) Background:

The intent of the work session is for staff to present the general outline for a development agreement with Costco and to respond to any questions.

The development agreement will be scheduled for City Council consideration this fall.

3) Policy Support:

Goal LU-2: Ensure development occurs in an orderly, effective, and cost-efficient manner to best utilize available land and public services, conserve natural resources, protect and enhance critical areas and open space, address equity and climate change, and reduce sprawl.

4) Alternatives:

☐ None.

5) Fiscal Notes:

This is an internally funded work program task.

6) Attachments:

- A. Staff Report
- B. Presentation

STAFF REPORT

Date: September 8, 2026
To: City Council
From: Paul Simmons, City Administrator, and Brad Medrud, Community Development Director



Costco Development Agreement

1. Purpose of the Work Session

Provide the City Council with a briefing on the Costco project and the topics that will be covered by the development agreement between Costco and the City. It is anticipated that the development agreement will be scheduled for City Council consideration later this fall.

2. Background

Costco has submitted land use applications for a new retail warehouse, fuel station, and car wash that are currently under review by the City. A complete project description and all the application materials and a site plan for the project can be found [here](#). Costco is also looking at developing two separate phases of outlots.

The land use applications completed the City's Notice of Application process on August 12, 2026. Public comments on the Notice of Applications were received, reviewed by staff, and sent to the Costco consultant team for their response.

The next step in the land use review process is completing the State Environmental Policy Act (SEPA) Threshold Determination process and then the Notice of Decision. There will be formal opportunities for public comment as part of both of these processes. Staff can address comments and questions about the project at any time. Approval of the land use applications is an administrative process.

It is anticipated that once the land use approval process is complete, permit applications for construction of the buildings and site improvements will be submitted for review and approval.

Given the complexity of the construction and funding of the public infrastructure improvements for the project, in addition to these development permit approvals, Costco and the City are seeking concurrence on a development agreement. The primary purpose of the agreement is to address the infrastructure improvements that will be required for the project and are part of the City's Comprehensive Plan. The infrastructure improvements would support the project and provide a public benefit.

3. Development Agreements

A development agreement is a voluntary contract between the City of Tumwater and a property owner in the City, detailing the obligations of both parties and specifying the standards and conditions that will govern development of the property. Although the agreement to a development agreement is voluntary, once approved it is binding on the parties and their successors as contracts and, as such, are legally different from the City's general land use approvals.

A development agreement provides assurances to the developer that the development regulations that apply to the project will not change during the term of the agreement and addresses the timing and construction of public improvements by the developer, as well as other issues.

Under the State's Growth Management Act and SEPA, the City has authority to enter into a development agreement with a property owner wherein the City and property owner agree to development standards and other provisions that shall apply and vest to the development, use, and mitigation of the property.

The City Council must hold a public hearing prior to approving a development agreement.

The table below summarizes the primary issues that the City's development agreement with Costco is intended to address.

Issue	Summary
Scope	The agreement would cover development of the proposed Costco new retail warehouse, fuel station, and car wash as well as Phase 1 of the development of the outlots.
Term	10 years from date of signature on development agreement.
Development Code	The agreement would vest the development to the City's existing development regulations as of the effective date of the agreement for the term of the agreement. The final project design will be consistent with the development regulations as set forth in the development agreement. Regulations related to stormwater detention and treatment and building codes are not vested. The City Council would be able to modify one or more of the City's development regulations during the term of development agreement to address a serious threat to public health or safety.
Utility Improvements	Costco will construct water and sewer mains large enough to serve their development and future development. The City will reimburse Costco for the difference.
Tree Protection Easement	Costco will set aside currently forested portion of the site of approximately 2.56 acres to meet the City's tree retention requirements for all phases of their project.
SEPA	The SEPA Threshold Determination for the project will be incorporated into the development agreement.

Issue	Summary
Transportation Improvements	- Costco will dedicate and construct an extension of Tyee Drive SW south from Tumwater Boulevard south to a new roundabout at the southern edge of the new Costco retail warehouse. The City will reimburse Costco for the construction of the extension. - Costco will dedicate right-of-way for the eventual extension of Tyee Drive SW from the new roundabout at the southern edge of the new Costco retail warehouse to Prine Drive SW. - Costco will dedicate a portion of the land and construct a new Tyee Drive SW and Tumwater Boulevard SW roundabout. Depending on the timing of the construction, the City will work with Costco on a street reimbursement agreement to allow Costco to seek reimbursement from later development. - The City will design and construct a new northbound I-5 off-ramp and Tumwater Boulevard roundabout. Costco will reimburse the City for a portion of the costs.
Traffic Impact Fees	Costco will be given credit on the traffic impact fees paid on their existing site to be used on their new site.

4. Approval Process for the Development Agreement

Once the City issues the SEPA Threshold Determination, the City Council meeting date for a public hearing and approval of the development agreement will be set.

Discussion of the Costco Development Agreement



City Council Work Session, September 8, 2026

Purpose of the Work Session

- Discuss the status of the Costco project and the topics covered by the proposed development agreement between Costco and the City
- It is anticipated that the development agreement will be scheduled for City Council consideration later this fall

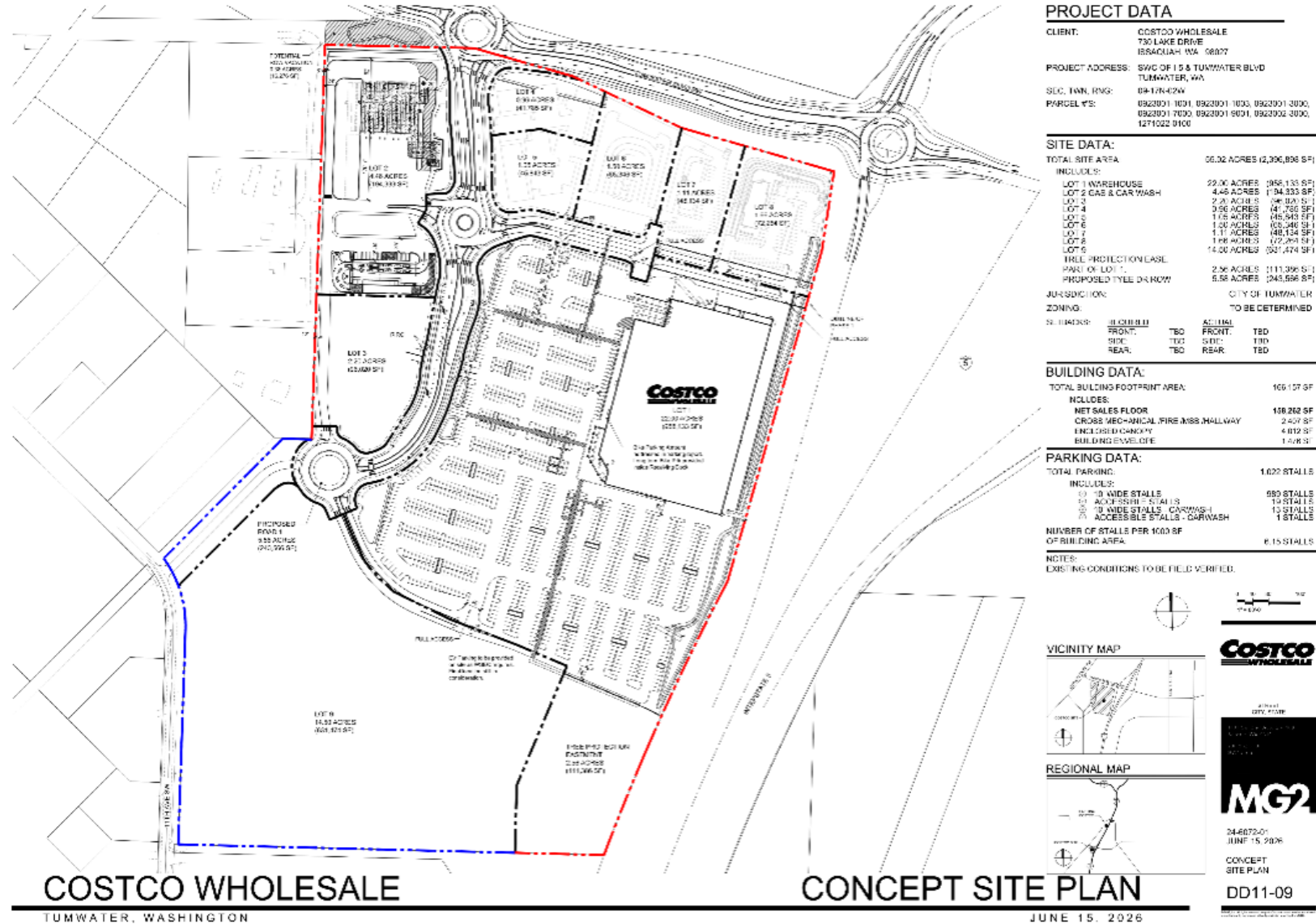
Background – Land Use Approvals

July 2026 – Costco submitted land use applications for a new retail warehouse, fuel station, and car wash

- A complete project description, all the application materials, and a site plan are posted on the City's website
- The land use applications are administrative approvals
- Costco is also looking at developing two separate phases of outlots



Background – Site Plan



Background – Land Use Approvals

- August 12, 2026 – Notice of Application completed
 - Public comments were received, reviewed by staff, and sent to the Costco consultant team for their response
- Next Steps – SEPA Threshold Determination and Notice of Decision
 - Both steps have formal public comment periods
- Staff can address additional comments and questions about the project at any time
- Land use approvals are expected this fall, and construction permits would follow



Costco Development Agreement

- Given the complexity of the construction and funding of the project's public infrastructure improvements, Costco and the City are seeking concurrence on a development agreement
- The primary purpose of the agreement is to address the project's infrastructure improvements, which will support the project and provide a public benefit



Development Agreements – What They Are

A development agreement is a voluntary contract between the City and a property owner:

- Detailing the obligations of both parties
- Specifying the standards and conditions that will govern development of the property
- Addressing the timing and construction of public improvements by the developer, as well as other issues
- Providing assurances to the developer that the development regulations that apply to the project will not change during the term of the agreement



Development Agreements Are Contracts

- Although the agreement to a development agreement is voluntary, once approved, it binds the parties and their successors contractually
- Under the State law, the City has authority to enter into a development agreement with a property owner
- The City Council must hold a public hearing prior to approving a development agreement



Proposed Development Agreement Issues

Issue	Summary
Scope	• Development of the Costco new retail warehouse, fuel station, and car wash as well as Phase 1 of the outlots • Outside of designating a project-wide tree tract, Phase 2 of the development is not part of the agreement
Term	• 10 years from approval of the development agreement
Development Code	• The development is vested to the City's existing development code for the 10-year term agreement • Regulations related to stormwater and building codes are not vested



Proposed Development Agreement Issues

Issue	Summary
Utility Improvements	- Costco will construct water and sewer mains large enough to serve their development and future development - The City will reimburse Costco for the difference
Tree Protection Easement	Costco will set aside a currently forested portion of the site of approximately 2.56 acres to meet the City's tree retention requirements for all phases of their project
SEPA	The SEPA Threshold Determination for the project will be incorporated into the development agreement
Traffic Impact Fees	Costco will be given credit on the traffic impact fees paid on their existing site to be used on their new site



Proposed Development Agreement Issues

Issue	Summary
Transportation Improvements	- Costco will dedicate and construct an extension of Tyee Drive SW south from Tumwater Boulevard, and the City will reimburse Costco for the construction of the extension - Costco will dedicate right-of-way for the eventual extension of Tyee Drive SW from the new roundabout at the southern edge of the new Costco retail warehouse to Prine Drive SW - Costco will dedicate land and construct a new Tyee Drive SW and Tumwater Boulevard SW roundabout, which may require a street reimbursement agreement - The City will design and construct a new northbound I-5 off-ramp and Tumwater Boulevard roundabout, and Costco will reimburse the City for a portion of the costs

Next Steps

- Once the City issues the SEPA Threshold Determination for the project, the date for the City Council public hearing and approval of the development agreement will be set

TO: City Council
FROM: Troy Niemeyer, Finance Director
DATE: September 8, 2026
SUBJECT: Budget Workshop #1

1) Recommended Action:

This item is informational only.

2) Background:

Staff will provide information about the proposed budget for 2027-2028.

3) Policy Support:

2026-2032 Strategic Priorities & Goals: Tumwater Excellence: refine and sustain a great organization. Be good stewards of public funds by following sustainable financial strategies.

4) Alternatives:

☐ n/a

5) Fiscal Notes:

n/a

6) Attachments:

A. none