

**NARRATIVE DESCRIPTION ACCOMPANYING SUN COMMUNITIES’
APPLICATION FOR A MAJOR MODIFICATION TO EXISTING DEVELOPMENT
APPROVALS FOR THE BULLFROG FLATS UGA**

I. PROJECT OVERVIEW

A. Introduction

This Project Narrative (this “Narrative”) accompanies Sun Communities, Inc.’s (“Sun”) application for a major modification to the Bullfrog Flats UGA Master Site Plan (the “MSP”) and the MSP’s Conditions of Approval (“the Conditions”) approved by the City in 2003.¹ The MSP and the Conditions constitute the “Approved Plan,” and Sun’s application to modify the Approved Plan as necessary to construct its proposed development (the “Project”) is referred to as the “Major Modification Application.” This Narrative also addresses Sun’s desire to amend and restate the Development Agreement between Trendwest Properties, Inc., Trendwest Investments, Inc. (collectively, “Trendwest”), and the City related to the implementation of the Approved Plan (the “2002 DA”), as well Sun’s applications for boundary line adjustment and preliminary subdivision necessary to implement the Project.

The Approved Plan and the 2002 DA are both related to Trendwest’s proposal to develop 1,100 acres west of the downtown core of Cle Elum (as legally described in Exhibit A to the Conditions, the “UGA Property”) as a single- and multi-family residential community and a business park. Following the City Council’s approval of the Approved Plan, Trendwest and its successors-in-interest to the UGA Property dedicated certain portions of the UGA Property to the City and the Cle Elum-Roslyn School District pursuant to the Conditions. However, for those portions of the UGA Property that remain privately owned (as legally described in Sun’s Major Modification Application, the “Property”), Sun is seeking to modify the Approved Plan as necessary to develop the Project. The Project based on the conceptual foundations of the Approved Plan. To the maximum extent possible, Sun crafted the Project to align with the beneficial aspects of the Approved Plan while updating it to reflect a new vision for the development and use of the Property.

The 2002 DA contemplated that changes to the Approved Plan likely would be desired over time and instructs that “[a]ny proposed modification from the Conditions of Approval that does not meet the criteria for a Minor Modification . . . shall be a Major Modification and shall require an amendment to the Conditions of Approval, *including all of the public notice, comment, and hearing requirements specified in the PMU Zoning.*” 2002 DA at § 6.4.2 (emphasis added). Chapter 17.45 of the Cle Elum Municipal Code (“CEMC”) (“the “PMU Ordinance”) codifies the rules and regulations applicable in the City’s Planned Mixed Use (“PMU”) District zone. Like Section 6.4.2 of the 2002 DA, the PMU Ordinance contemplates a similar requirement for

¹ The MSP and Conditions were initially attached to that certain Development Agreement By and Between the City of Cle Elum, Trendwest Investments, Inc. and Trendwest Properties, Inc. Relating to the Development of Real Property Located Within the Cle Elum Urban Growth Area, Commonly Known as the “Bullfrog UGA” dated October 30, 2002 (as attached hereto as Exhibit A, the “2002 DA”). Subsequently, on June 10, 2003, the City Council approved the MSP and the Condition. This approval is reflected in City Ordinance 1267 (attached hereto as Exhibit B).

modification of land use entitlements for a development in the PMU District zone: if proposed changes are not in substantial conformance with the approved entitlements, those changes require a formal amendment of the entitlements. *See* CEMC 17.45.150.

While the PMU Ordinance does not explain the means or procedure to obtain a formal amendment of an approved land use entitlement like the Approved Plan, Sun's position is that the most conservative and appropriate course of action is to proceed as if the Major Modification Application should be processed like an entirely new application as contemplated by Section 6.4.2 of the 2002 DA. Accordingly, Sun proposes that the Major Modification Application be processed as a "Type 4 Review" under CEMC 14.30.080. *See* CEMC 14.30.040 (listing "Planned Mixed-Use Development, Approval, and Major Modification" as well as Development Agreements as appropriate for Type 4 Review). Sun also proposes an amended and restatement of the 2002 DA (the "Amended and Restated Development Agreement") to update the 2002 DA for the Project envisioned by the Major Modification Application. Sun requests that the Amended and Restated Development Agreement be processed in the same proceeding as the Major Modification Application. *See* CEMC 14.30.020(B) (encouraging consolidation of the permit processing for projects that require two or more permits or approvals).

B. Purpose of the Major Modification Application

Sun's objective for the Project is to provide reasonably priced housing and recreation options that are attainable for members of the workforce of the Cle Elum, Kittitas County (the "County"), and surrounding areas while also enhancing tourism and economic development in the local area. The set of site plans included in the Major Modification Application (the "Site Plan Set") reflects the mixed-use nature of the Project, including a mix of residential, recreational, and commercial opportunities, as permitted by the Property's PMU District zoning classification.

Sun's objective with the Major Modification Application is to obtain City approval of certain changes to the Approved Plan and to obtain other discretionary approvals, including a Boundary Line Adjustment and a Preliminary Subdivision, necessary to construct the Project. The Project is conceptually underpinned by the Approved Plan and was designed intentionally to give the City many of the benefits embedded in the Approved Plan. While many aspects of the Project conform to the Approved Plan, certain changes to the Approved Plan are necessary. Sun is proposing four (4) primary modifications to the Approved Plan: (1) a reduction in the number of residential units to be sited on the Property; (2) the addition of an outdoor recreational resort (such use to be considered as an RV Park authorized by CEMC 17.51); (3) a reduction in the size of the Approved Plan's business park; and (4) a change in proposed uses within the Approved Plan's business park. More specifically, Sun is proposing a reduction in the number of permanent residential dwellings (from 1,384 units to 757 units), development of the Recreational Resort (as defined below in Section I(C)) for transient users, the reduction in size of the Approved Plan's business park (from 75 acres to 25 acres), and a change in use within the Approved Plan's business park (now referred to as the Commercial Center (as defined below in Section I(C)) from office and industrial uses to commercial, restaurant, and retail uses. Care was taken to respect the Project's location within the surrounding community, including ensuring compatibility with area land uses and transportation systems, and creating necessary road and utility networks while protecting natural areas within and adjacent to the Property, including the Cle Elum River, wetlands, and steep slopes.

Sun intends to develop the Property as a new, cohesive master planned community that will provide opportunities for a range of land uses and activities as allowed by the City’s PMU District zoning. The total number of habitable units in the Project will remain 1,334 (plus 50 affordable housing units) for a total of 1,384 units, which matches the number of units included in the Approved Plan. However, the distribution of those units will be reallocated as stated below in the Land Use Summary Table, depicted on Sheet C004 of the Site Plan Set, and further summarized in this Narrative. Sun has and will continue coordinating the Project’s development with all key stakeholders, including federal, state, county and other local agencies, nearby tribes, community organizations, and relevant private interests. This coordination will help facilitate Project planning and implementation necessary for the Project’s immediate success and its longevity as an asset to both the City of Cle Elum and its surrounding communities.

As noted above, modifications to the Approved Plan are governed by CEMC Ch. 17.45, which addresses both the process and the standards that govern development within the PMU District zone. The environmental impacts of Sun’s Project were studied in accordance with the requirements of the State Environmental Policy Act (SEPA). On October 8, 2019, the City issued a Determination of Significance for the Project, which resulted in adoption of a Final Supplemental Environmental Impact Statement (“FSEIS”) on April 16, 2021. The FSEIS built upon and updated the Final Environmental Impact Statement issued by the City in March 2002 for the Approved Plan. The FSEIS contained extensive analysis of the environmental impacts of the Project, comparing the impacts of the Approved Plan at full buildout to the Project at full buildout under the current-day conditions. In addition, the City prepared and issued an addendum to the FSEIS on March 9, 2023, to address changes to the Project that were not contemplated by the City prior to the issuance of the FSEIS (the “Addendum”). Such changes reflected in the Addendum are further discussed in Section II(A)(3). Collectively, the FSEIS and the Addendum comprise the “Environmental Documents.”

C. Project Overview & Proposed Land Uses

The Approved Plan contemplates the construction of 1,384 residential units on 1,100 acres bounded by I-90 and the Washington State Horse Park to the south, SR-903 to the northeast, Bullfrog Road to the northwest, and the Cle Elum River to the west. The Project encompasses 889 acres, which is less than the 1,000+ acres contemplated by the Approved Plan. The Project covers less land because of prior land donations made to (a) the City, by Sun’s predecessors-in-interest, for the benefit of the Washington State Horse Park and a to-be constructed Community Recreation Center; (b) the Cle Elum-Roslyn School District, and (c) the City and the Town of South Cle Elum for facilities related to a regional water supply system. The boundaries for both the Approved Plan and the Project are shown on Sheet C005 of the Site Plan Set. The Project will be built on land located entirely within the PMU District zone.

The Project will be comprised of a mix of uses, including single-family residential (the “Single-Family Community”), multi-family residential (including 50 affordable housing units, the “Multi-Family Community”), an outdoor recreational resort (the “Recreational Resort”), a commercial business park (the “Commercial Center”), and open space. The proposed land uses and their locations are shown Sheet C004 of the Site Plan Set and are further outlined in this Narrative. Sun intends to retain ownership of much of the Property and operate both the Recreational Resort and the Single-Family Community Project for the long term. However, Sun

may sell some or all of the Multi-Family Community and the Commercial Center once construction is completed.

The Single-Family Community will offer private ownership of manufactured homes sited on lots rented from Sun. Each home will be located on a legal lot of record owned by Sun. The Single-Family Community will include several resort-style amenities, such as a clubhouse with meeting space and workout facilities, a pool and patio deck, sports courts, a dog park, playground, and a trail network, all of which will be owned, maintained, and managed by Sun and will be made available for the use and enjoyment of the residents of the Single-Family Community. The Single-Family Community is intended to provide a housing solution that is attainable for the workforce in the City as well as the greater upper Kittitas County community.

The Recreational Resort will be a family-friendly, transient, outdoor resort with various lodging options to include park model cabins, safari tents, tree houses, and other similar types of dwelling units and sleeping units² for rent as well as sites for transient recreational vehicles (“RVs”). The Recreational Resort will include several resort-style amenities, such as sports courts (pickleball, volleyball, basketball), a fitness and wellness center, yoga lawn, communal gathering areas, yard games, pool and spa, outdoor fitness area, playscapes, grilling areas, indoor and outdoor meeting space, arts and crafts area, a general store, various food and beverage offerings, dog parks, and nature trails.

The Multi-Family Community provides an alternative housing type and is intended to diversify the housing stock in the City and the greater Upper Kittitas County community. The Multi-Family community will also include fifty (50) affordable housing units for which rent/housing costs will be capped at eighty percent (80%) of the prevailing area median income for the County.

The Commercial Center will provide retail, restaurant, and business opportunities for local entrepreneurs as well as larger-scale retailers that will allow for needed retail and commercial opportunities in the community. The Commercial Center, sized at twenty-five (25) acres, will not detract from downtown Cle Elum as the City’s principal commercial center. Sun desires that the Commercial Center will be anchored by a grocery store, surrounded and enhanced by additional retail and restaurant uses.

Finally, over fifty percent (50%) of the Property will remain as open space in perpetuity to help preserve its natural features (with particular care to control public access to the areas adjacent to the Cle Elum River) and provide ample space for outdoor recreation for residents of the Single-Family Community, the Multi-Family Community, users of the Recreational Resort, and members of the public. In short, the Project will serve as a seamless transition between the mountains and the City, maintaining Cle Elum’s identity as the heart of the Cascades.

² The term “Sleeping Unit” is intended to have the definition assigned to it in the International Building Code (“IBC”). See IBC at §202 (defining “Sleeping Unit” as a “single unit that provides rooms or spaces for one or more spaces for one or more persons . . . and can include provisions for living, eating, and either sanitation or kitchen facilities but not both.”)

D. Land Use Summary Table

Residential Uses	Area (Ac)	# of Units	Proposed Density
Single-Family Residential	125.9	527	4.2 DU/acre
Multi-Family Residential	19 (incl. Affordable)	180	9.5 DU/acre (12.1 DU/acre including Affordable Housing)
Affordable Housing Units	See above	50	
Residential Amenity Center	6		
Sub-Total (Residential)	150.9	757	
Non-Residential Uses			
Recreational Resort Sites & Amenities	130.8	627	4.8 units/acre
Trailhead Park	6.1		
Potential Cemetery Expansion	13.4		
Commercial Center	25.4		
Connector Road	9.5		
Sub-Total (Other)	185.2		
Open Space/Common Area			
Undeveloped Open Space	513.6		
Wetlands/Buffers	3.4		
Powerline ROW	36.1		
I-90 Buffer Parcel	26.3		
Douglas Munro Set-aside	1.4		
SR903 Roundabout Set-aside	0.6		
Sub-Total (Open Space)	581.4		
Previously Dedicated Land (Per Previous Development Agreement Conditions attached to 2002 DA)			
WA State Horse Park	112		
Community Center	12.2		
School District	38.09		
Water Treatment Plant	12.2		
Sub-Total (Previous Dedications per 2002 DA)	174.49		
Other Dedications			

Tract C Boundary Line Adjustment (202104020107)	2.2		
Sub-Total (Other Dedications)	2.2		
GRAND TOTAL	1094.6³		

E. Primary Project Components

1. The Single-Family Community

Sun is proposing the development of 527 units of market-rate, single-family manufactured homes. The precise location of the Single-Family Community is depicted on Sheet C004 of the Site Plan Set and is generally described as the east/central area of the Property. Residents will access the Single-Family Community primarily from SR-903, but a secondary entry will be located off Bullfrog Road west of the City’s proposed recreation center that will be located on Kittitas County Tax Parcel No. 11850.

Homes in the Single-Family Community will be purchased by residents and will be placed on individual lots owned by Sun and leased to the homeowner. Sun’s application for preliminary subdivision will divide the Single-Family Community tract depicted on Sheet C004 of the Site Plan Set into individual, leasable lots. The lots will be no smaller than 5,000 square feet, with a minimum width of forty (40) feet and a minimum depth of seventy-five (75) feet, and shall otherwise be in the general locations and configurations depicted on Sheet C006 of the Site Plan Set.

The homes in the Single-Family Community will have modern, open concept floor plans with a variety of elevations and sizes. The architecture will have either a “rustic mountain” or “modern mountain” look and feel, and there will be options for garages on most lots. Sun’s proposed development standards for the Single-Family Community are outlined in the Proposed Development Standards (as defined in Section III(A)) submitted as a component of the Major Modification Application.

Finally, the Single-Family Community will be served by a centrally located amenity center for residents’ exclusive use and enjoyment (the “Amenity Center”). The Amenity Center will include a clubhouse intended for use as by residents as a gathering space for events and parties, in addition to a sales office, indoor workout facility, and bathrooms. Sun is proposing development of a pool, patio, sports courts, playground, and a dog park for the Amenity Center. Sun contemplates that the Single-Family Community will be built in three phases over a six-year period (subject to consumer demand and economic conditions) as further detailed in the “Phasing Plan” (as depicted on Sheet C004 of the Site Plan Set and further discussed in this Narrative).

³ The Approved Plan and other subsequent documents issued by the City make reference to an 1,100 acre Master Site Plan for the development of the Bullfrog UGA. It is unclear to Sun whether the Approved Plan was actually comprised of 1,100 acres, or whether documents made casual reference to a round number (1,100) instead of the Project’s actual area (something less than 1,100). By Sun’s calculations, the Approved Plan consisted of approximately 1,095 acres.

2. The Multi-Family Community

Sun is proposing 180 units of market-rate, apartment-style housing in ten (10) three-story buildings. The precise location of Multi-Family Community is depicted on Sheet C004 of the Site Plan Set and is generally described as the northeast corner of the Property. The Multi-Family Community's main entry is proposed from SR-903, adjacent to the water treatment plant located on Kittitas County Tax Parcel No. 17127. Sun's intention is that the Multi-Family Community, with its higher density and taller buildings, will serve as a buffer between the Single-Family Community and the water treatment plant and Commercial Center to the east.

Apartments within the Multi-Family Community will range in size and offer one-, two-, and three-bedroom options. In addition, Sun may include "co-living" units, which will be housing with separate bedrooms attached to common living spaces and kitchens. These co-living units may serve well as seasonal or year-round workforce housing. In addition to the market-rate apartment housing and co-living units, Sun proposes the construction of fifty (50) units of affordable housing within the Multi-Family Community (the "Affordable Housing"). The Affordable Housing units will be located in two buildings in the same location as the market-rate apartment buildings. Like the Single-Family Community, the Multi-Family Community will also have a "rustic mountain" or "modern mountain" architectural feel. Sun contemplates that the Multi-Family Community will be built in Phases 1 and 2 over a period of four to five years (subject to consumer demand and economic conditions) as shown on the Phasing Plan depicted on Sheet C004 of the Site Plan Set.

3. The Recreational Resort

The Recreational Resort will be located on approximately 131 acres west of the Single-Family Community as more particularly depicted on Sheet C004 of the Site Plan Set. The Recreational Resort will consist of 627 sites for nightly rental, along with many amenities and activities for guests. The Recreational Resort is designed to support tourism and outdoor hospitality throughout the Upper Kittitas County area. Sun anticipates most guests will use the Recreational Resort as a weekend destination with some guests choosing to stay for longer durations. The average length of stay in the Recreational Resort is anticipated to be three nights per site, with some guest choosing to lease sites seasonally. There will be no residential component to the Recreational Resort, as it will be transient in nature and guests of the Recreational Resort will not be allowed to establish residency on the property. The primary and secondary entrances to the Recreational Resort will be from Bullfrog Road as depicted on Sheet C004 of the Site Plan Set. The primary entrance area is designed to accommodate both RVs and check-ins for guests renting the fixed accommodations located within the Recreational Resort. Based on seasonality and the flow of guest arrivals, Sun's operational forecasting indicates only fifteen (15) days a year with more than 200 guest arrivals. The entrance area of the Recreational Resort is designed to accommodate without impact to traffic (or traffic queueing) on Bullfrog Road.

Sun anticipates that the Recreational Resort will be built in two phases, with just over half of the RV-only sites and the primary guest amenities built in Phase 1 as shown on the Phasing Plan depicted on Sheet C004 of the Site Plan Set. The remainder of the RV-only sites, the supplemental

lodging options (such as park models, cabins, and safari tents), and the remaining amenity areas will be built in Phase 2.

4. The Commercial Center

The Commercial Center will be located on approximately twenty-five (25) acres located in the easternmost area of the Property, directly adjacent to SR-903. The Commercial Center will use the same entryway from SR-903 as the Multi-Family Community. Sun intends to construct at least one large commercial structure for a grocery store anchor tenant and provide additional space for retail and restaurant businesses that will serve the entire Cle Elum community and provide opportunities for local entrepreneurs. Sun desires flexibility for the ultimate development of the Commercial Center to give potential businesses the option to either lease space within a larger commercial building constructed by Sun or to either ground lease space or purchase a lot in fee simple and build their own building. The proposed space for the grocery store tenant will be built as part of Phase 1, and additional commercial buildings within the Commercial Center will come online as leases are signed, which is expected in Phases 2, 3 and 4 of the Project.

F. Phasing Plan

The Phasing Plan is included as Sheet C004 of the Site Plan Set. Sun is currently planning to build the entire project in four (4) phases. Sun anticipates that Phase 1 will include 250 home sites within the Single-Family Community (and its central amenity core), with homes installed at a rate concurrent with customer demand. Sun also anticipates that Phase 1 will include the construction of ninety-six (96) units of apartments in the Multi-Family Community (including approximately half of the affordable housing units), 327 sites within the Recreational Resort (and its central amenity core), and the anchor tenant portion of the Commercial Center (50,000 – 70,000 square feet). Phase 2 will finish the construction of the Multi-Family Community including the Affordable Housing, as well as the construction of an additional 150 homes within the Single-Family Community and the remaining 300 sites within the Recreational Resort. The final Phase(s) will include the completion of the 127 remaining home sites in the Single-Family Community and additional buildings in the Commercial Center will come online in the final Phase(s) as Sun identifies commercial tenants and executes leases with those parties. Notwithstanding the foregoing, Sun may elect to buildout each phase in smaller sub-phases based on market and economic conditions.

Each Phase will include the construction of infrastructure required to serve that particular phase as well as any required mitigation measure for that phase.

G. Boundary Line Adjustment & Preliminary Subdivision

As part of the Major Modification Application, Sun is proposing a reconfiguration of the Property to create the following parcels: a Single-Family Community Parcel, Multi-Family Community Parcel, a Recreational Resort Parcel, a Commercial Center Parcel, a Trailhead Park

Parcel, a Cemetery Parcel,⁴ as well as two Open Space parcels in the locations and areas shown on Sheet C005 of the Site Plan Set.

Currently, the Property is associated with at least forty-one (41) Kittitas County tax parcel numbers.⁵ Sun desires to consolidate and reconfigure the existing tax parcels comprising the Property pursuant to a Boundary Line Adjustment application submitted concurrently with the Major Modification Application. Immediately following the City’s consideration and approval of the Boundary Line Adjustment, Sun desires to divide the Single-Family Community Parcel into residential lots pursuant to an application for Preliminary Subdivision also submitted concurrently with the Major Modification Application. Procedurally, Sun requests that the City first approve the lot consolidation/boundary line adjustments contemplated above to create the parcels depicted on Sheet C005 of the Site Plan, and, immediately thereafter, approve the Preliminary Subdivision application required to divide the Single-Family Residential into the lots depicted on Sheet C006 of the Site Plan Set.

H. Public Works and Transportation System Improvements

The Project will require a variety of improvements to existing or creation of new public works and transportation systems. The anticipated environmental impacts of the Project are defined and discussed at length in the Environmental Documents. The environmental impacts resulting from the Project that are identified in the Environmental Documents are sufficiently mitigated in the proposed Conditions of Approval included in the Major Modification Application (the “Proposed Conditions”). Sun proposes private ownership of all public works on the Property, but the Project will rely upon the City’s water and sanitary sewer systems for service and will generate traffic that will utilize the City’s transportation network. The following subsections briefly describe how Sun plans to address the Project’s impacts on the City’s water and sanitary sewer systems, as well as its transportation network.

1. Water & Sanitary Sewer Utilities

The Project will connect to the existing City of Cle Elum water main and sanitary sewer systems, but all water and sanitary sewer infrastructure within the Property will remain private and

⁴ Conditions 77 and 78 of the Approved Plan required that Trendwest set aside ten acres for the City to acquire, at fair market value, for use as an expansion to the City’s Cemetery. Conditions related to the cemetery expansion have not been included in Sun’s Major Modification Application because the City’s need to expand its cemetery is not required to mitigate an impact of the Project. Nevertheless, Sun’s boundary line adjustment will create a 13.4 acre tract in the southeast corner of the Property that will not be developed and is segregated to allow for an easier conveyance of this tract to the City in the future if the City desires to purchase it.

⁵ Sun 47 North LLC, a Sun subsidiary, owns the following Kittitas County Tax Parcel Numbers comprising the Property: 11075, 11076, 11078, 11113, 11916, 11924, 11925, 12034, 16286, 17034, 18704, 18705, 18707, 18709, 18710, 544235, 794235, 950254, 950255, 950257, 953154, 953155, 953156, 953157, 953159, 953160, 953161, 953162, 953163, 953164, 953165, 953166, 953167, 953168, 953169, 953170, 953171, 953172, 953173, 953174, and 955367.

The Property may include additional tax parcels, due to several of the tax parcels listed above having “associated parcels” according to the publicly available data published by the Kittitas County Assessor.

will be owned and operated by Sun. This will be beneficial to the City because the City will have no ongoing infrastructure maintenance obligations on the Property.

The proposed water system is shown on Sheet C300 of the Site Plan Set. Three connection points to the City's water system are proposed, with master meters at each connection point, allowing the City to bill Sun directly for all water usage within the Property. The development will be served by private 12" and 8" water mains proposed throughout the Property.

Prior to the Approved Plan, the City of Cle Elum, the City of South Cle Elum, and Trendwest entered into that certain Water Supply System Project Development Agreement dated June 19, 2001 (the "Water Supply DA") and the Agreement Regarding Water Supply for the Bullfrog Flats UGA (dated June 19, 2001). Under the Water Supply DA, Trendwest, Sun's predecessor-in-interest, was responsible for paying a share of the cost of a new regional water supply system ("Water System") improvements (proportionate to the extent the new regional water supply system was necessary to serve the Property), as well as all costs necessary to transport water to the Property. Sun understands that all developer obligations under the Water Supply DA have been satisfied, but understands, based on the Environmental Documents, that the Water System will require additional improvements to mitigate impacts caused by the Project including construction of a new water pump in "Pressure Zone 3", a new reservoir in "Pressure Zone 3" (the "New Reservoir"), and an additional filter train in the existing Water System treatment plant (collectively, the "Water System Improvements").

Sun proposes that the City fairly and equitably apportion the cost of constructing the Water System Improvements because the Water System Improvements will benefit *all* Water System users and are not required exclusively to mitigate system impacts caused by the Project. The FSEIS estimates that the cost to install the Water System Improvements is seven million eight hundred thousand dollars (\$7,800,000.00)⁶ (the "Water System Improvement Cost"), of which 59%⁷ is considered to be Sun's proportionate share (totaling \$4,602,000, the "Developer's Water System Improvements Percentage Share"). To facilitate the City's timely construction of the Water System Improvements, Sun will assign its rights in that certain Water Tank Easement Agreement⁸ to the City to provide the City with the property rights necessary to construct the New Reservoir.⁹ Sun will also deposit three million six hundred thirty four thousand dollars (\$4,102,000.00) into an escrow account (the "Water System Improvements Escrow")¹⁰ for the City to use, exclusively, for the construction of the Water System Improvements. Sun acknowledges that the Water System Improvement Cost is an estimate, and that it will be required to fund the Water System

⁶ See FSEIS at p. 3-36.

⁷ See Addendum Appendix B at Table 19.

⁸ On December 7, 2021, Suncadia and Sun entered into that certain Water Tank Easement Agreement recorded under Kittitas County Auditor's No. 202112100039 (the "Water Tank Easement Agreement"). Sun's beneficial interest in the Water Tank Easement Agreement may be assigned to the City without Suncadia's consent.

⁹ Such assignment will occur no earlier than the City's approval of the Major Modification Application and the Amended and Restated Development Agreement (and the expiration of any applicable appeal or appeal period) and no later than the City's commencement of construction of the New Reservoir.

¹⁰ The Water System Improvements Escrow amount is the Developer's Water System Improvements Percentage Share, adjusted down by \$500,000 to account for the value of the Water Tank Easement Agreement that Sun will assign to the City at no cost as discussed in fn. 7. See Water Tank Easement Agreement at § 6 (for evidence of easement valuation).

Improvements Escrow with sufficient capital necessary to cover the Developer’s Water System Improvements Percentage Share of the City’s *actual and reasonable* cost of constructing the Water System Improvements. Additional details regarding the City’s obligation to construct the Water System Improvements and Sun’s obligation to fund the Water System Improvements Escrow are described in the 47 North Water System Impact Mitigation Plan attached as an Exhibit B of the Proposed Conditions (the “Water System Impact Mitigation Plan”).

The Water System Impact Mitigation Plan, however, does not relieve Sun of its obligation to pay generally applicable water utility connection fees (“Water Tap Fees”) during buildout of the Project. It is Sun’s understanding that an unknown portion of the Water Tap Fee is paid to Suncadia, LLC (“Suncadia”) to reimburse Suncadia for earlier improvements made to the City’s water system (the “Suncadia Water System Reimbursement Charge”). The Amended and Restated Development Agreement contemplates that Sun will be given a Water Tap Fee credit up to the amount deposited into the Water System Improvement Escrow. However, no credit accruing to Sun because of payment into the Water System Improvement Escrow will relieve Sun of its obligation to pay a Water Tap Fee for each equivalent residential unit (“ERU”) that is at least the per-ERU Suncadia Water System Reimbursement Charge that the City is obligated to remit to Suncadia.

The proposed sanitary sewer system is shown on Sheet C301 of the Site Plan Set. Sun proposes installing five connection points to the City’s sanitary sewer system. In addition, Sun will construct two new pump stations at the location depicted on Sheet C301. The Project will be served by private 8” gravity sanitary sewers plus a small length of force main proposed throughout the Property and shown on Sheet C301. Capacity necessary to serve the Project was planned for and built into the existing sanitary sewer system,¹¹ in part by Sun’s predecessors-in-interest in ownership of the Property, so no system upgrades are necessary to serve the Project. Currently, Sun pays the City a percentage of the sanitary sewer system operation and maintenance shortfall fees that are attributable to Suncadia (for the “UGA Property”) pursuant to Section 5.4 of the Regional Wastewater Agreement, and it will continue to do so until all sewer system ERUs attributable to the Project are added to the City’s system. However, for the avoidance of doubt, Sun will pay all “per ERU”¹² Sewer Connection Charges applicable to the new sewer system connections within the Project, as well as the then-current “WWTP” and “Administration” charges required by the Chapter 13.10 of the Code (or as such schedule of sewer connection fees may be recodified). However, Sun will not pay the then-current “Collection System” component of the Sewer Connection Fees¹³ because Sun’s predecessors-in-interest, pursuant to Regional Wastewater Agreement, already made significant financial contributions to the enlargement of the City’s sewer system necessary to accommodate the development of the Property.

¹¹ See Fourth Amended Upper Kittitas County Regional Wastewater Treatment Facilities Project Agreement, Development Agreement, and Service Agreement between the City of Cle Elum, Town of South Cle Elum, City of Roslyn and Suncadia Resort Development LLC dated April __, 2008 (the “Regional Wastewater Agreement”) at § 3.1.

¹² Under CEMC 13.10.030, the “per ERU” sewer system connection/installation fees are comprised of the “Sewer Connection Charge” and the “Capital Reimbursement Charge.”

¹³ Under Section 13.10.030 of the Cle Elum Municipal Code, the “Collection System” charge is \$6,307.00 in base year 2022, subject to an annual increase that is the higher of three percent per year or as established by the Consumer Price Index published by the U.S. Bureau of Labor Statistics for the West region after the base year of 2022. See CEMC 13.10.030 at fn. 1.

2. Roads and Transportation

The Environmental Documents discuss the Project's impacts on the City's transportation systems at length, examining the Project's impacts to eleven (11) intersections within the City in 2025, 2031, and 2037 (the "Transportation System Improvements").¹⁴ Four (4) of the eleven intersections studied in the Environmental Documents require improvements due to anticipated conditions in 2025, regardless of whether the Project is constructed. The remaining seven intersections studied in Table 10 of the FSEIS and Table 3.6.5 of the Addendum are transportation system improvements required because of the Project.

Sun proposes that the City fairly and equitably apportion the cost of constructing the Transportation System Improvements (described as "Method B"—shared City/Developer Responsibility—in the Environmental Documents). The total cost for completing all of the Transportation System Improvements based on preliminary engineering estimates is seven million dollars (\$7,000,000.00).¹⁵ Under "Method B," Sun's fair share of the cost to mitigate for the Project's off-Property impacts to the City's transportation system is estimated at one million fifty two thousand nine hundred fifty dollars (\$1,052,950.00) (the "Transportation System Improvements Percentage Share").¹⁶ However, to facilitate the City's timely construction of the Transportation System Improvements, Sun proposes depositing three million six hundred fifty thousand dollars (\$3,650,000.00) into an escrow account (the "Transportation System Improvements Escrow") for the City to use, exclusively, for the construction of those Transportation System Improvements required by 2025.¹⁷ Further details regarding the City's obligation to construct the Transportation System Improvements and Sun's obligation to fund the Transportation System Improvements Escrow are described in the 47 North Transportation Impact Mitigation Plan attached as an Exhibit D to the Amended and Restated Development Agreement.

II. PROCEDURAL HISTORY

¹⁴ See FSEIS Table 10 and Addendum Table 3.6.5 for a list of the Transportation System Improvements needed to mitigate the Project's impacts on the City's transportation network..

¹⁵ This \$7 million total includes two transportation projects that are Developer's sole responsibility because they are intersection improvements that are required to provide access from Bullfrog Road and SR-903 to the Property. See Addendum Appendix F at Table 2 (listing projects #28 and #30 as "site access projects."

¹⁶ The breakdown of the off-Property transportation improvements required because of the Project's impacts, and Sun's percentage share of the cost of constructing each of these off-Property intersection improvements, is found in Table 3.6.5 of the Addendum. The cost for each required off-Property improvement (e.g., compact roundabout, turn lane, etc.) is derived from the estimated costs for improvements as described on page 3-36 of the FSEIS.

¹⁷ Per Table 3.6.6 of the Addendum, eight intersections will require improvement by 2025 (the "Phase I Improvements"). Not all Phase I Improvements are required because of an anticipated impact of the Project (*i.e.*, some are required because of deficiencies expected regardless of the Project's construction), but all will need to be constructed by the completion of Sun's first phase (as currently constituted). The total cost of the Phase I Improvements (utilizing the notional cost for each type of improvement as described on page 3-36 of the FSEIS) is \$5.2 million, which exceeds the Transportation System Improvements Percentage Share. Nonetheless, Sun is willing to fund the Transportation System Improvements Escrow to ensure the City has adequate funds necessary to construct the Phase I Improvements in a timely fashion, subject to those reimbursement provisions further described in the Traffic Impact Mitigation Plan attached to the Proposed Conditions.

A. History of the Property and its Development

1. History of the Property Pre-Annexation

On June 23, 1998, the Cle Elum City Council established an urban growth area for the City, west of its then-current limits and commonly known as the Bullfrog Flats.¹⁸ On December 28, 1998, the Board of County Commissioners amended the County's Comprehensive Plan to establish the UGA Property as an urban growth area for the City under County planning documents.¹⁹

On January 5, 1999, Trendwest submitted a preliminary master plan to the County regarding its plan to develop the UGA Property (the "Preliminary Master Plan").²⁰ The Preliminary Master Plan contemplated 407 acres of single and multi-family residential uses, a 40-80 acre business park, a 206-acre golf course, 200 acres for the Washington State Horse Park's use, space for 300 recreational vehicles, and 160 acres of open space.²¹ On February 22, 1999, the County issued a determination of significance for Trendwest's proposal, requiring the development of an environmental impact statement ("EIS") to study the proposal's likely significant adverse impacts on the environment and naming the City and the County as lead agencies for the development of the EIS.²²

On April 13, 1999, the City, the Town of South Cle Elum, and Trendwest entered into a Memorandum of Understanding regarding Trendwest's proposed development of the UGA Property (the "Pre-Annexation MOU"). The Pre-Annexation MOU noted that the parties intended for the UGA Property to be developed "consistent with an urban zone" and pursuant to forthcoming pre-annexation and development agreements, and that the UGA Property could be used for, among other uses, land for the Washington State Horse Park, a City water plant, an expansion of the public school, a community center, apartments, an RV park, residential uses, and an expanded cemetery.

On July 26, 2000, Trendwest and the City entered into that certain Pre-Annexation Agreement (the "Annexation Agreement"), whereby Trendwest agreed to petition the City to annex the UGA Property prior to commencing any construction therein.²³ The parties also agreed that any development of the UGA Property would incorporate a mix of uses, subject to limitations imposed by a forthcoming development agreement between Trendwest and the City, development standards adopted by the City, the City's issuance of development approvals for Trendwest's proposal following annexation.

In January 2001, the County withdrew as co-lead agency for the EIS given that, under the terms of the Annexation Agreement, Trendwest agreed not to pursue any development of the UGA Property until the City annexed the UGA Property.²⁴ Shortly thereafter, on March 23, 2001, the

¹⁸ Annexation Agreement at 2.1.

¹⁹ Annexation Agreement at 2.2.

²⁰ See SEPA DS issued by Kittitas County on February 22, 1999.

²¹ See SEPA DS issued by Kittitas County on February 22, 1999.

²² See SEPA DS issued by Kittitas County on February 22, 1999.

²³ Annexation Agreement at 4.1.

²⁴ See 2002 Development Agreement at Recital M.2.

City published a Draft EIS (“DEIS”) for Trendwest’s proposed development of the UGA Property.²⁵

On February 6, 2001, Kitsap County Solid Waste (“Solid Waste”) and Trendwest entered into that certain Agreement by and between Kittitas County Solid Waste, Trendwest Resorts, Inc., and Trendwest Investments, Inc. Relating to Funding for the Upper Kittitas County Station Phase I Upgrade (the “First Transfer Station Funding Agreement”). Under the First Transfer Station Funding Agreement, Trendwest agreed to pay fifty-four percent (54%) of the cost of the design and engineering of a new Upper Kittitas County Transfer Station (the “Transfer Station”) needed to serve both the UGA Property and the property now known as Suncadia Resort (and, formerly, the Trendwest MPR Property).

In August 2001, Trendwest submitted for City review a Master Site Plan application that updated the plan of development established in the Preliminary Master Plan (referred to herein as the MSP).²⁶ After several rounds of public comment and meetings on the DEIS, the City issued the Final EIS for Trendwest’s proposal on March 18, 2002 (the “FEIS”).²⁷ The FEIS studied five alternatives for the development of the UGA Property, ranging from Alternative 1—the no action alternative—to Alternative 5—the full buildout of the MSP.²⁸ The impacts of and required mitigations for the MSP are discussed in Table 1-2 of the FEIS.²⁹

In January 2002, the City Planning Commission conducted its review of a proposed subarea plan to be adopted following annexation of the UGA Property (the “Bullfrog Subarea Plan”), as well as an amendment to the City’s zoning code that would govern the use and development of the UGA Property following annexation.³⁰ In May 2002, the City Planning Commission held hearings on the MSP and forwarded it, along with the Conditions, to the City Council for its review and approval.³¹

During the spring and summer of 2002, Trendwest and the City also negotiated the 2002 DA—an agreement that the parties intended to govern the implementation of the MSP after its approval and the annexation of the UGA Property. The 2002 DA included provisions concerning the vesting of the MSP, the phasing for the development of the MSP, and the process for amending the MSP after its approval. The 2002 DA also included the Conditions that were intended to be incorporated into the MSP following its approval by the City Council.

On July 2, 2002, Solid Waste and Trendwest entered into that certain Agreement Relating to Funding for the Upper Kittitas County Transfer Station Construction Costs (the “Second Transfer Station Funding Agreement”), whereby Trendwest agreed to reimburse the County for sixty-one and six-tenths percent (61.6%) of the loan obtained by the County to complete construction of the Transfer Station (the “Transfer Station Loan”). It is Sun’s understanding that

²⁵ 2002 DA at Recital M.3.

²⁶ See FEIS (accessible from https://cityofcleelum.com/wp-content/uploads/2019/10/3_Summary.pdf) at 1-5.

²⁷ 2002 Development Agreement at Recital M.4 and M.5.

²⁸ See FEIS (accessible from https://cityofcleelum.com/wp-content/uploads/2019/10/3_Summary.pdf) at 1-5.

²⁹ See FEIS (accessible from https://cityofcleelum.com/wp-content/uploads/2019/10/3_Summary.pdf) at 1-10-1-35.

³⁰ 2002 DA at Recital P.

³¹ 2002 DA at Recital Q.

the County has completed all required improvements to the Transfer Station to be funded by the Transfer Station Loan, and that all payments required to be made by Trendwest and its successors-in-interest to Suncadia Resort and the UGA Property pursuant to the First Transfer Station Funding Agreement and the Second Transfer Station Funding Agreement have been remitted to the County.

On August 27, 2002, the City Council held a public hearing on the 2002 DA,³² and during the City Council's October 8, 2002, meeting, the Council adopted Resolution No. 10-08-02-02 authorizing the Mayor to sign the 2002 DA. During the City Council's October 8, 2002, meeting, the City Council also adopted the Bullfrog Subarea Plan and the first iteration of the PMU Ordinance.³³ The City and Trendwest formally entered into the 2002 DA on October 30, 2002.³⁴

2. Property Annexation and Approval of the MSP

Following the adoption of the Bullfrog Subarea Plan, the PMU Ordinance, and the 2002 DA, the City and Trendwest moved to finalize the City's annexation of the UGA Property pursuant to the requirements of state law. On May 20, 2003, the residents of the UGA Property voted on annexation, with five out of six votes of the owners within the UGA Property cast in favor of annexation.³⁵ Subsequently, on June 10, 2003, the City Council passed Ordinance 1196, annexing the UGA Property into the City.³⁶ Ordinance 1196 also designated the UGA Property as within the PMU District zone, subject to the terms and conditions of the PMU Ordinance.³⁷ On June 10, 2003, the City Council also gave its formal approval to the MSP and the Conditions (referred to herein as the Approved Plan).³⁸

3. History of the Property Following Annexation

Following the City's approval of the Approved Plan, Trendwest (and its successors in interest), began performing pursuant to its terms. On August 21, 2003, pursuant to Conditions 79 and 99, Trendwest conveyed Kittitas County Tax Parcel No. 14414 to the Cle Elum-Roslyn School District #404 (the "School District") in that certain Statutory Warranty Deed recorded under Kittitas County Recording No. 200309100043 for the School District's use.

On August 14, 2007, the City, in Resolution 2007-14, accepted from Suncadia, Trendwest's successor-in-interest in the UGA Property, those certain Water System improvements (known as the "UGA Transmission Facilities") that Trendwest was obligated to construct pursuant to Section 1.5 of the Water Supply DA.

In 2008, pursuant to Conditions 24 and 25, Suncadia, the City, and the Washington State Horse Park Authority ("WSHPA") entered into that certain Agreement Regarding Suncadia Property Donation for the Benefit of the Washington State Horse Park (the "Donation Agreement")

³² 2002 DA at Recital R.

³³ City Ordinance 1180.

³⁴ 2002 DA Preamble.

³⁵ City Ordinance 1196 Recitals.

³⁶ City Ordinance 1196 at Section 1.

³⁷ See City Ordinance 1196 at Section 1.

³⁸ Exhibit B, City Ordinance 1267.

regarding Suncadia’s donation of a portion of the “Horse Park Reserve Parcel” identified on the MSP to the City of Cle Elum for the benefit of the WSHPA.

Following the execution of the Donation Agreement, Suncadia conveyed to the City a portion of the Horse Park Reserve Parcel (as legally described in that certain Statutory Warranty Deed recorded under Kittitas County Auditor’s No. 200901130002 and identified as Kittitas County Tax Parcel No. 11851, the “Horse Park Property”). After the conveyance of the Horse Park Property, Suncadia and the WSHPA executed numerous license and easement agreements to memorialize each party’s obligations regarding the construction and operation of the Horse Park Property. Suncadia’s donation of the Horse Park Property, and the relevant parties’ subsequent agreements regarding the Horse Park Property, satisfied all the developer obligations under the Conditions regarding the Horse Park Reserve Parcel.

On March 28, 2017, the City and New Suncadia, LLC (Suncadia’s successor-in-interest in the Property, “New Suncadia”) entered into that certain First Amendment to Development Agreement By and Between the City of Cle Elum, Trendwest Investments, Inc. and Trendwest Properties, Inc. Relating to the Development of Real Property Located Within the Cle Elum Urban Growth Area, Commonly Known as the “Bullfrog UGA” (the “2017 Development Agreement Amendment”). The 2017 Development Agreement extended the term of the 2002 DA from fifteen (15) years to twenty-five (25) years.

In September 2018, Sun entered into an agreement with New Suncadia to purchase the Property (the “Purchase Agreement”). Shortly after entering into the Purchase Agreement, Sun approached the City regarding its nascent plans to develop the Property. On October 8, 2019, the City issued a Determination of Significance, prompting the City to begin preparation of a supplement to the FEIS.

In June 2019, the City Council repealed the City’s Comprehensive Plan adopted on July 8, 1997 (the “Original Comprehensive Plan”), in its entirety, replacing the Original Comprehensive Plan with a new plan attached to City Ordinance 1559 (the “Current Comprehensive Plan”).³⁹ Ordinance 1559 repealed the Original Comprehensive Plan in its entirety. The Current Comprehensive Plan does not incorporate any subarea plans for the City; as such, the City’s adoption of Ordinance 1559 and the Current Comprehensive Plan terminated the Bullfrog Subarea Plan, leaving no Property-specific Comprehensive Plan policies to guide the City’s review and approval of the Major Modification Application.

On September 18, 2020, the City issued a Draft Supplemental Environmental Impact Statement (the “DSEIS”). The DSEIS studied impacts related to a new “Alternative 6”—the development of the Project proposed by Sun—that would include 707 residential units, a 627 site RV park, 477 acres of open space, and a 25-acre commercial development that would be owned and operated by New Suncadia.⁴⁰ The DSEIS, and the subsequent FSEIS issued on April 16, 2021, compared Alternative 6 to Alternative 5 (the full buildout of the Approved Plan, updated to reflect current baseline conditions).

³⁹ City Ordinance 1559 at Sections 1 and 2.

⁴⁰ DSEIS (available at <https://cityofcleelum.com/wp-content/uploads/2020/10/Issued-47-N-Draft-SEIS-9.18.20-DSEIS-ONLY-Redacted.pdf>) at p. vii-viii.

On October 11, 2021, pursuant to Condition 38, New Suncadia conveyed Kittitas County Tax Parcel No. 11850 to the City in that certain Bargain and Sale Deed recorded under Kittitas County Recording No. 20211030027 for the construction of a new Upper Kittitas County Community Recreation Center (the “Community Recreation Center”).

In lieu of constructing those certain improvements required by Condition 38(C) of the Conditions, New Suncadia and the City agreed that a flat, four million dollar (\$4,000,000) payment to the City would satisfy New Suncadia’s obligations under Condition 38. That agreement was memorialized in that certain Recreational Parcel Agreement by and between New Suncadia and the City dated January __, 2021 (the “Recreational Parcel Agreement”). The City has received the First Monetary Contribution and the Second Monetary Contribution (as defined in the Recreational Parcel Agreement), and Sun, as New Suncadia’s successor, is obligated to make a third, two million dollar (\$2,000,000) payment to the City as further detailed in the Recreational Parcel Agreement.

On December 7, 2021, Sun acquired the Property from New Suncadia pursuant to that certain Bargain and Sale Deed recorded under Kittitas County Recording No. 202112100038. Concurrent with Sun’s acquisition of the Property, New Suncadia assigned, and Sun assumed, the rights and obligations under the 2002 DA pursuant to that certain Assignment and Assumption of Development Agreement dated December 7, 2021 (the “DA Assignment”). The City consented to the DA Assignment on June 16, 2022.

On March 9, 2023, the City issued the Addendum. After the issuance of the FSEIS, Sun and New Suncadia amended the Purchase Agreement to include the portion of the Property identified herein as the Commercial Center. The Addendum addresses the impacts of the development of the Commercial Center and Affordable Housing units concurrent with the development of the remainder of the Property as one integrated development plan. The Addendum also made minor updates to the FSEIS to reflect the most current environmental conditions.

B. Development Capacity Authorized Under the Approved Plan

The Approved Plan authorizes the construction of 1,384 residential units, comprised of 810 single family residential dwellings, 524 units of multi-family residential dwellings, and fifty (50) units of affordable housing. Additionally, the Approved Plan authorizes the construction of a seventy-five (75) acre business park and contemplates that 47.6% of the UGA Property would remain as open space.

C. Mitigations Imposed by the Conditions of the Approved Plan

The Conditions impose a variety of restrictions on the development of the UGA Property pursuant to the MSP. It appears that the most, but not all, of the Conditions are based on environmental impacts expected to result from the MSP’s buildout as studied in the FEIS. The Conditions can be divided into three primary categories: (1) general development restrictions (including height, bulk, scale, density requirements); (2) conditions intended to mitigate the impacts identified in the FEIS; and (3) other conditions without a clear basis for imposition because of any demonstrable impact of the construction of the Approved Plan.

Note that the Major Modification Application's Proposed Conditions modify and update the Conditions to reflect conditions that are required either to address impacts identified in the Environmental Documents or other requirements imposed by City or State law. To the maximum extent possible, the Proposed Conditions incorporate the Conditions (either wholesale or the original intent of the Conditions). This "carry-over" of the Conditions into the Proposed Conditions is intentional; Sun desires that the Project be governed by many of the same Conditions that were intended to bind the development of the Approved Plan.

Because several of the Conditions are repeated in the Proposed Conditions, the following three subsections discuss the Conditions and are important to understand, as they informed the development of the Proposed Conditions.

1. General Conditions on Development

The Conditions include a variety of straightforward requirements related to the construction of the Approved Plan, including, but not limited to: limitations on development capacity and density within the UGA Property (Condition 1); the location of certain uses within the UGA Property (Conditions 2, 34); development standards applicable to development (Conditions 3-11); the developer's right to build in phases (Condition 12); the uses permitted within the UGA Property (Conditions 13-18); requirements for buffers and open space (Conditions 26-31); signage requirements (Conditions 35-36); lighting requirements (Condition 37); fish and wildlife protection (Conditions 45-49); development of a stormwater detention system (Conditions 50-58); noise control (Conditions 73-76); protection of cultural resources during construction (Conditions 80-82); requiring building permits and other fire protection requirements (Conditions 104-109); and construction of certain utilities (Conditions 110-115). The Major Modification Application proposes updates to the aforementioned Conditions (and any other similar Condition not referenced above) to align them with the needs of the Project and the recommendations of the FSEIS.

2. Conditions Imposed to Mitigate Impacts Demonstrated in the FEIS

The Conditions also include a variety of requirements related to the anticipated impacts studied in the FEIS, including the developer's obligations to: provide public parks and trails (Conditions 38-44); ensure that adequate water supply is available to the UGA Property (Conditions 62-72); mitigate impacts to schools (Conditions 79 and 99), hospitals (Condition 100), emergency response dispatch (Condition 101), and the City's transportation system (Conditions 83-94); and a requirement to monitor fiscal impacts to the City resulting from the development and occupancy of the UGA Property (Conditions 95-103). The Major Modification Application proposes updates to these Conditions (and any other similar Condition not referenced above), based on the anticipated environmental impacts of the development identified in the Environmental Documents prepared for the Major Modification Application.

3. Conditions Imposed Without any Evidentiary Support in the FEIS or Applicable Law

Finally, the Conditions include several requirements that do not appear to be required for compliance with any express City Code provision vested under the 2002 DA or the FEIS.

Examples include developer's obligations to: construct fifty (50) units of Affordable Housing (Condition 19-21); hire local workers to work on the Project (Condition 22); to set aside land to be acquired by the City for a future Washington State Horse Park facility (Conditions 24-25); and dedicate land to the City for a cemetery (Conditions 77-78). Sun remains committed to these concepts, but the proposed Conditions of Approval included in the Major Modification Application do not include these conditions because Sun does not believe that they may be lawfully imposed on the Major Modification Application because they are not reasonably necessary as a direct result of the proposed development. *See* RCW 82.02.020(3). Instead, Sun proposes that all agreements related to the aforementioned conditions be included in the proposed amendment and restatement of the 2002 DA.

D. Conditions Satisfied Before Submission of the Major Modification Application

Several of the Conditions described below and imposed pursuant to the approval of the MSP in 2003 have already been fully or partially satisfied by either Sun or its predecessors-in-interest to the UGA Property. Many of these Conditions are related to significant public projects that currently benefit the City's residents and residents across the Upper Kittitas County community. Satisfaction of these Conditions demonstrates the historic and future value to the City resulting from the annexation and development of the UGA Property (and now, the Property). The earlier full or partial satisfaction of these conditions, and the resulting benefit to the City and the County, should be considered and weighted appropriately by the City when assessing the reasonability the Proposed Conditions.

1. Condition 64: City Water System Land Donation and System Improvements

Condition 64 relates to certain improvements to the City's Water System. Condition 64 required Trendwest to pay for certain improvements to the City's Water System pursuant to the Water Supply DA.

The Water Supply DA required that Trendwest contribute a pro-rata share of the cost (as identified in the Water Supply DA) of a new regional water supply system that would benefit Suncadia Resort, the UGA Property, the City, and the Town of South Cle Elum. Trendwest donated the land necessary for the construction of a new water treatment plant to the City on October 2, 2001, in that certain Statutory Warranty Deed recorded under Kittitas County Recording No. 200206240071. Currently, the donated property—Kittitas County Tax Parcel No. 17127—is improved with the Water System's treatment plant that serves the City, the Town of South Cle Elum, and Suncadia Resort. Sun understands that payments required under the Water Supply DA have been remitted to the City, and the Water System has been built out to the capacity contemplated in the Water Supply DA.

2. Conditions 79 and 99: School District Land Donation & Mitigation Agreement

Conditions 79 and 99 relate to the requirement that Trendwest mitigate impacts to the Cle Elum-Roslyn School District. It required that Trendwest dedicate twenty-five (25) to thirty (30) acres to the School District for school expansion purposes. On August 21, 2003, pursuant to Conditions 79 and 99 in the Conditions, Trendwest conveyed Kittitas County Tax Parcel No. 14414—thirty-eight acres—to the School District in that certain Statutory Warranty Deed recorded

under Kittitas County Recording No. 200309100043 for the School District's use. Additionally, Condition 99 required Trendwest and the Cle Elum-Roslyn School District to enter into a "School District Mitigation Agreement" in the form attached to the 2002 DA as Attachment 9. It is Sun's understanding that Trendwest's obligations under the School District Mitigation Agreement were satisfied. Note that, Proposed Condition 69 incorporates a new mitigation agreement between Sun and Cle Elum-Roslyn School District related to school mitigations in addition to those mitigations that were already satisfied for the Approved Plan.

3. Condition 38: Community Recreation Center Land Donation

Condition 38(A) required that Trendwest deed approximately twelve (12) acres of land to the City for the development of a new Community Recreation Center. If a to-be-formed nonprofit organization could not raise sufficient funds to construct the Community Recreation Center within five years of the Approved Plan, Trendwest was obligated to construct and give the City a variety of recreational facilities as further detailed in Condition 38(C).

On October 11, 2021, New Suncadia conveyed Kittitas County Tax Parcel No. 11850 to the City in that certain Bargain and Sale Deed recorded under Kittitas County Recording No. 20211030027 for the construction of the Community Recreation Center. This conveyance satisfied Condition 38(A). Additionally, to satisfy Condition 38(C), New Suncadia and the City agreed that a flat, four million dollar (\$4,000,000) payment to the City would satisfy Trendwest's obligation to construct certain recreational facility improvements. Thus far, the City has received half of the \$4,000,000 payment and the remaining two million dollar (\$2,000,000) payment to the City needed to satisfy the Recreational Parcel Agreement is due to the City on December 31, 2025.

4. Conditions 24 and 25: State Horse Park Land Donation

Conditions 24 and 25 concern the portion of the UGA Property identified on the MSP as the Horse Park Reserve Parcel. Trendwest, as an accommodation to the City and the Washington State Horse Park Authority, agreed to set aside a portion of the UGA Property for a horse park. In 2008, pursuant to Conditions 24 and 25 in the Conditions, Suncadia, the City, and the WSHPA entered into that certain Agreement Regarding Suncadia Property Donation for the Benefit of the Washington State Horse Park (the "Donation Agreement"). The Donation Agreement outlined the procedures governing Suncadia's donation of a portion of the Horse Park Reserve Parcel to the City for the benefit of the WSHPA. Pursuant to the Donation Agreement, Suncadia later donated the Horse Park Parcel—112 acres—to the City by that certain deed recorded under Kittitas County Auditor's No. 200901130002.

5. Condition 114: Regional Solid Waste Facility

Condition 114 required Trendwest to contribute its pro rata share of the costs to construct certain improvements to the County's Transfer Station. Pursuant to the terms of First Transfer Station Funding Agreement and the Second Transfer Station Funding Agreement (collectively, the "Transfer Station Funding Agreements"), Trendwest and its successors completed all payments required under the Transfer Station Funding Agreement. The Transfer Station has been developed and Trendwest's obligations under the Transfer Station Funding Agreements have been fully performed.

6. Condition 112: Regional Wastewater Treatment Facility

Condition 112 required Trendwest to comply with that certain Interim Wastewater Treatment Facility Project Development Agreement between the City, the Town of South Cle Elum, and Trendwest dated July 26, 2000, and any future Regional Wastewater Treatment Agreement necessary to provide adequate capacity for the development of the UGA Property. Currently, the obligations of the City, the Town of South Cle Elum, the City of Roslyn, and Suncadia related to the Regional Wastewater Treatment Facility are detailed in the Regional Wastewater Agreement. Sun understands that all contribution to the “Regional Facility” and all “Regional Elements” further described in the Regional Wastewater Agreement (necessary to serve the Property) have been built, with Suncadia’s obligations (as Sun’s predecessor-in-interest in the Property) limited to reimbursing the City for certain operations and maintenance shortfalls that are not covered by user fees. As noted in Section I(H)(1) above, Sun currently pays a percentage of the sanitary sewer system operation and maintenance shortfall fees attributable to Suncadia (i.e., Sun pays for those shortfalls attributable to the Property, but not those attributable to Suncadia Resort) under the Regional Wastewater Agreement pursuant to a side agreement between the City, Suncadia, and Sun.

E. Proposed Process for Modifying Existing Approvals

As noted above in Section I(A), the existing approvals consist of the Approved Plan and the 2002 DA. The 2002 DA contemplated that changes to the Approved Plan likely would be desired over time and instructs that “[a]ny proposed modification from the Conditions of Approval that does not meet the criteria for a Minor Modification . . . shall be a Major Modification and shall require an amendment to the Conditions of Approval, including all of the public notice, comment, and hearing requirements specified in the PMU Zoning.” 2002 DA at § 6.4.2 (emphasis added).

Because the Project proposes changes to the Approved Plan that exceed the 2002 DA’s limited criteria for a minor modification, a major modification to the Approved Plan will be required. While neither the 2002 DA, nor CEMC 17.45 *et seq.*, explain the means or procedure to obtain a formal amendment of the Approved Plan, Sun’s position is that the Major Modification Application should be processed as an entirely new application as contemplated by Section 6.4.2 of the 2002 DA. Sun proposes that the Major Modification Application be processed as a “Type 4 Review” under CEMC 14.30.080. *See* CEMC 14.30.040 (listing “Planned Mixed-Use Development, Approval, and Major Modification” as well as Development Agreements as appropriate for Type 4 Review).

III. APPLICATION COMPONENTS

The Major Modification Application is comprised of three separate applications: a “Planned Mixed Use Final Plan” application governed by CEMC Ch. 17.45; a Boundary Line Adjustment application governed by CEMC Ch. 16.40; and a Preliminary Subdivision application governed by CEMC Ch. 16.12A. Collectively, the Major Modification Application consists of every discretionary land use approval necessary to develop the Project.

In addition to the Major Modification Application, Sun is simultaneously proposing an Amended and Restated Development Agreement. Sun desires that the 2002 DA be amended and restated to provide clear guidance regarding aspects of the Project's implementation that are not accounted for in the Major Modification Application.

A. Planned Mixed Use Final Plan Application | CEMC 17.45.080

CEMC 17.45.020 states that “no land shall be used, subdivided, cleared, graded or filled and no building or structure shall be constructed, altered or enlarged within the PMU District except under the authority of a final plan [.]” CEMC 17.45.100 notes that a “site plan and conditions, as approved by the city council, shall constitute the ‘final plan’ for purposes of this chapter” and that “[a]pproval of the final plan constitutes mixed use approval.”

Accordingly, Sun applies for planned mixed use final plan (“PMUFP”) approval that comports with the requirements of CEMC 17.45.080, including a Site Plan Set, the Proposed Conditions, proposed design and construction standards (the “Proposed Development Standards”), and phasing documents, among other documents. Sun’s intent is that the PMUFP Application, once approved, will supersede and replace the Approved Plan in its entirety. The required components of a PMUFP application (as required by CEMC 17.45.080(A)-(F)) are satisfied, as more specifically discussed below:

PMUFP Application Component 1: Per CEMC 17.45.080(A), the application should include a statement about the objectives and character of the proposed development. It should outline the concept for the development with a summary of the uses, their density or intensity, the circulation system (vehicular, bike, pedestrian and recreation), provision of public facilities, and relationship to adjacent jurisdictions or development. It should summarize how it meets the purposes and objectives of the planned mixed use district and applicable plans.

Response: This Narrative provides an overview of the character of the proposed development, including a robust description of the proposed uses and the densities for each proposed use. Additionally, the Site Plan Set includes a depiction of the location of proposed vehicular and pedestrian circulation facilities. Furthermore, the Project does not propose any on-site, publicly maintained public facilities, and the only off-site public facility required exclusively for the Project’s construction and occupancy is a new water reservoir in Zone 3 (as identified in the FSEIS). There is no proposed new development adjacent to the Property, and, because the Proposed Conditions are responsive to the Environmental Documents, there are no demonstrated, unmitigated impacts from the Project on adjacent jurisdictions. Finally, the purposes and objectives of the PMU District zone (as described in CEMC 17.45.020) are discussed further in Section IV(C)(2) of this Narrative.

PMUFP Application Component 2: Per CEMC 17.45.080(B), the application should include a site plan, which includes one or more drawings at a scale prescribed by the planning director, showing the following:

- (a) The location of the site and its relationship to the surrounding areas, including the current land use, natural features, existing road and trail network and the zoning of both the site and the surrounding areas;***

Response: Sheet C001 of the Site Plan Set depicts the location of the Property and the current land uses of the surrounding areas.

(b) The existing site conditions, including topography at not less than ten-foot intervals, water bodies, soil types, geologic conditions, sensitive areas, easements, vegetative cover, historical or archaeological sites and other factors or constraints that may shape future use and development;

Response: Sheet C002 of the Site Plan Set depicts the existing conditions for the Project Site. Soil types and geologic conditions for the Property can be found in Appendix C to the DSEIS.

(c) The approximate location and size of all existing and proposed uses, including notations of maximum heights; types and designs of dwelling units, buildings, structures and other improvements; density per type; affordable housing and renderings of a typical streetscape, character of multiple-family, business park and other more intense uses and/or typical lot configuration;

Response: Sheet C004 of the Site Plan Set depicts the location of all proposed uses within the Project, and this Narrative includes proposed densities for each proposed use within the Property. The Proposed Development Standards include maximum heights and types and designs of dwelling units, buildings, structures and other improvements to be constructed as part of the Project. Illustrative streetscapes for each use proposed in the Project can be found in the application materials.

(d) The location and approximate size in acres or square feet of all areas to be conveyed, dedicated or reserved as open space, natural areas, parks, recreation areas, or greens, commons or public assembly areas or similar public uses;

Response: Sheet C004 of the Site Plan Set depicts the location of all proposed open spaces and natural areas within the Project, and this Narrative includes approximate acreages for open space within the Project.

(e) The existing and proposed circulation system of arterial and collector streets, including if known, the approximate general location of local streets, off-street parking, service and loading areas, and major points of access to public rights-of-way, with notations of proposed public ownership;

Response: There is no existing vehicular circulation system because the Property is unimproved. Sheet C007 of the Site Plan Set depicts the proposed vehicular circulation plan, along with major points of access from the Project onto Bullfrog Road and State Route 903. All streets within the Project are proposed to be private, so there are no notations of proposed public ownership.

(f) The existing and proposed pedestrian/recreation circulation system, including approximate locations of bicycle lanes and other recreation trails, including internal connections to regional trails;

Response: There is no existing pedestrian/recreation circulation system because the Property is unimproved. Sheet C004 of the Site Plan Set depicts the proposed recreational trail plan, along with proposed points of connection to the Coal Mines Trail east of State Route 903.

(g) The existing and proposed major utility systems, including sanitary sewers, storm drainage pipes and detention facilities, sewers, gas, electric power, communications and water;

Response: There are no existing utility systems because the Property is unimproved. Sheets C300, C301, and C302 of the Site Plan Set depict the location of the proposed water, stormwater, and sanitary sewer systems for the Project. The proposed location of gas, electric, and communications utilities will be provided with each Phase Plan (as that term is defined in the Amended and Restated Development Agreement).

(h) The existing and proposed public transportation services and facilities.

Response: There are no existing public transportation services, nor are any public transportation improvements contemplated for the Project.

PMUFP Application Component 3: Per CEMC 17.45.080(C), the application should include the following:

(a) A legal description of the subject property;

Response: The Property's legal description is included on Sheet C003 of the Site Plan Set.

(b) The program for development, including phasing or completion schedules, if any, and the anticipated project completion date;

Response: The phasing plan for the Project is depicted on Sheet C004 and further discussed in Section I(F) of this Narrative.

(c) Proposed design standards for minimum lot area, width, frontage, and yard requirements, street standards, building heights, and parking provisions, as applicable;

Response: Proposed Development Standards are included in the materials accompanying the Major Modification Application. Note, the Proposed Development Standards are intended to modify the underlying design standards applicable for each use proposed within the Project (residential, commercial, and RV Park uses, codified in CEMC 17.16, 17.32, and 17.51, respectively), only to the extent necessary to create an integrated, mixed use, master planned development.

(d) A list of the items, issues or subjects to be provided for by restrictive covenants and/or design and architectural guidelines;

Response: Sun does not intend to subject the proposed Single- and Multi-Family Community components of the Project to recorded restrictive covenants. Instead, Sun's

business practice is to subject the entire Project to use rules and restrictions. The use of use rules, rather than restrictive covenants, aligns with Sun's proposal that Sun retain fee ownership of the entire Property. With that said, Sun's use rules generally restrict residents' ability to make external alterations to homes, require that exterior spaces are well maintained, limit residents to one accessory storage shed per lot, prohibit residents from removing trees from lots, prohibit on-street parking, and tightly condition the parking of equipment and vehicles on lots.

(e) Proposed provisions to assure the permanence and maintenance of common open space and recreational facilities;

Response: Sun intends to retain fee ownership of the Property, including all common areas proposed for the Project, and will be responsible for the maintenance and upkeep of those areas as its private property.

(f) Proposed landscape standards to apply to open space and yards, and the proposed treatment of required buffers between uses on-site, if any, and around the perimeter of the development, including materials and techniques to be used, such as types of vegetation, screens, fences and walls;

Response: Proposed landscape standards are included the Proposed Development Standards. Additionally, the use of buffer spaces is constrained by Proposed Conditions 17-25.

(g) The proposed method of street lighting and signing;

Response: Proposed standards for street lighting and signage, to the extent each deviates from standards described in CEMC Ch. 15.20 (the Sign Code) or the lighting requirements codified in 17.16, 17.32, and 17.51 (for residential, commercial, and RV Park uses, respectively) are included the Proposed Development Standards. The proposed location of street lighting and signing will be provided with each Phase Plan (as that term is defined in the Amended and Restated Development Agreement).

(h) The proposed plan for solid waste disposal and recycling and a proposal for adequate maintenance of such facilities;

Response: As discussed in Section II(D)(5) above, the Upper Kittitas County Solid Waste Transfer Station was upgraded as a condition of Approved Plan. The Environmental Documents do not identify any impacts to the Transfer Station that have not yet already been mitigated.⁴¹ Waste Management is expected to provide solid waste disposal and recycling services for the Project consistent with all other users within the City of Cle Elum.

(i) A detailed affordable housing program including numbers of units by price ranges, schedules with restrictions and monitoring to assure continuation as affordable units;

⁴¹ See FSEIS at p. 3-32.

Response: As contemplated by the Approved Plan and as proposed in the Amended and Restated Development Agreement, Sun will construct fifty (50) units of affordable housing where rent/housing costs will be capped for a term of twenty (20) years after receipt of a certificate of occupancy so that the costs are affordable to a household making eighty percent (80%) of the prevailing area median income for the County. At least 24 affordable housing units will be constructed no later than the issuance of a building permit for construction of 50% of the allowed single and multi-family residential units proposed for the Project (approximately 337 units). The remaining 26 affordable housing units shall be constructed no later than the issuance of the building permit for the last single or multi-family residential unit.

(j) A statement identifying applicable policies of the Cle Elum comprehensive plan, any subarea plan and any annexation and/or development agreements, and demonstrating how the development proposal meets such policies and the purposes and objectives of this chapter;

Response: Section IV(C)(1) of this Narrative provides a comprehensive analysis of the Current Comprehensive Plan, demonstrating how the Project supports the policies adopted in the Current Comprehensive Plan. Section IV(C)(2) of this Narrative provides a comprehensive analysis of how the Project furthers purposes and objectives of CEMC 17.45.

(k) A list of applicable conditions or mitigations applicable to the development identified in the environmental analysis, development agreements, final master plan approval or specific project approvals;

Response: The Proposed Conditions, that incorporate those certain mitigations required for the Project identified in the Environmental Documents, are included in the materials accompanying the Major Modification Application.

(l) The signature of the applicant or agent authorized to act on behalf of the applicant, with evidence of the agent's authority;

Response: Mr. Bill Raffoul, Sun's Senior Vice President for Development, will sign application paperwork reasonably required by the City necessary to perfect the submission of the Major Modification Application.

(m) Application and applicable development agreement and mitigation fees as set forth by resolution of the city council;

Response: Development Agreements are not compulsory and cannot legally be required to submit the PMUFP application. See RCW 36.70B.170. Nonetheless, Sun desires to enter into an amendment and restatement of the 2002 DA to provide clear guidance regarding aspects of the Project's implementation that are not accounted for in the Major Modification Application.

Any mitigation fees required for the Project will be assessed pursuant to the Proposed Conditions and will be required only to mitigate a demonstrated environmental impact caused

by the Project. Sun also agrees to submit reasonable application and review fees necessary for the City to complete its review of the Project, in accordance with the City's generally applicable fee schedules.

PMUFP Application Component 4: Per CEMC 17.45.080(D), the application should include an assessment of the projected public revenues and expenditures that reflects the construction phases as defined in the planned mixed use master plan;

Response: Table 3.9-3 of the Addendum contains an assessment of the projected public revenues and expenditures associated with the Project at commencement through full buildout and up to the year 2037.

Application Component 5: Per CEMC 17.45.080(E), the application should include a SEPA checklist or a written request for a determination of significance, acknowledging that an environmental impact statement will be required, in lieu of such checklist. If an environmental impact statement has been completed which is applicable to the application, the applicable mitigation measures shall be identified as part of the application;

Response: As discussed above, the FSEIS for the Project was issued in April 2021, and an Addendum thereto was issued in March 2023. The Environmental Documents sufficiently evaluate the proposed Project's environmental impacts. Thus, there is no need for any submission of another SEPA Checklist, nor is there any need for the City to issue another threshold determination for the Project.

Application Component 6: Per CEMC 17.45.080(F), the application should include such other information or studies shall be provided as the city planner may deem necessary to fully evaluate the proposed mixed use final plan's compliance with this chapter, any applicable subarea plan or annexation/development agreement and other applicable ordinances and regulations of the city.

Response: Sun agrees to submit any additional information or studies reasonably required by the City necessary for the City's review and evaluation of the Major Modification Application and the proposed Amended and Restated Development Agreement.

B. Boundary Line Adjustment Application

In addition to the Planned Mixed Use Final Plan application described in Section III(A), Sun applies for Boundary Line Adjustment ("BLA") as a part of the Major Modification Application. As noted in Section I(G), the Property is comprised of at least forty-one (41) tax parcels. Sun desires to consolidate the current tax parcels comprising the Property into eight (8) new parcels as depicted on Sheet C005 of the Site Plan Set. Following the Boundary Line Adjustment, Sun envisions the creation of the eight (8) parcels (each, a "Resultant Parcel" and, collectively, the "Resultant Parcels").

Boundary Line Adjustment applications are governed by CEMC Ch. 16.40. The required components of a Boundary Line Adjustment application (as required by CEMC 16.40.020(A)-(H)) are satisfied, as more specifically discussed below:

BLA Application Requirement 1: Per CEMC 16.40.020(A), the application should include written authorization from all property owners involved;

Response: The BLA application includes a signed, written authorization from Mr. Bill Raffoul, Sun's Senior Vice President for Development, authorizing the City to process the Boundary Line Adjustment Application.

BLA Application Requirement 2: Per CEMC 16.40.020(B), the application should include the assessors tax identification numbers of the parcels involved;

Response: The BLA application includes all known assessor's tax parcel numbers for the Property.

BLA Application Requirement 3: Per CEMC 16.40.020(C), the application should include the existing legal descriptions of the parcels involved;

Response: The BLA application includes a current legal description for the Property.

BLA Application Requirement 4: Per CEMC 16.40.020(D), the application should include the existing dimensions and acreage of the parcels involved;

Response: The BLA application includes a description of the Property's total acreage.

BLA Application Requirement 5: Per CEMC 16.40.020(E), the application should include the proposed dimension and acreage of the parcels involved;

Response: The BLA application includes a description of the proposed acreages for each of the Resultant Parcels.

BLA Application Requirement 6: Per CEMC 16.40.020(F), the application should include a copy of the assessors quarter section map clearly identifying the parcels subject to the application;

Response: The BLA application includes a copy of the assessor's quarter section map identifying the parcels subject to the application.

BLA Application Requirement 7: Per CEMC 16.40.020(G), the application should include a survey or graphic representation of the proposed adjustment;

Response: The BLA application includes a graphic representation and updated legal descriptions for the Resultant Parcels.

BLA Application Requirement 8: Per CEMC 16.40.020(H), the application should include the applicable fee as set forth by resolution of the city council;

Response: The BLA application includes the Base Fee set forth in the latest iteration of the City of Cle Elum Fee Schedule (2022), and Sun will remit, as necessary, any conditional fees (*i.e.*, staff time and recording fees) reasonably required by the City to process and review the Boundary Line Adjustment application.

C. Preliminary Subdivision Application (for Single-Family Residential)

In addition to the Planned Mixed Use Final Plan application described in Section III(A) and the Boundary Line Adjustment application described in Section III(B), Sun applies for Preliminary Subdivision (“P-Plat”). The application for Preliminary Subdivision should be processed in sequence after the Boundary Line Adjustment Application because Sun is requesting a subdivision for one of the Resultant Parcels (the Single-Family Residential Parcel) created by the Boundary Line Adjustment.

Sun desires to subdivide the Single-Family Residential Parcel into 527 lots. The required components of a Preliminary Subdivision application (as required by CEMC 16.12A.030(A)-(R)) are satisfied, as more specifically discussed below:

P-Plat Application Requirements 1-11: Per CEMC 16.12A.030 (A)-(K), the application should comport with a variety of basic formatting requirements and include a variety of basic information related to the proposed plat;

Response: The P-Plat application materials comport with all P-Plat application submission requirements described in CEMC 16.12A.030(A)-(K).

P-Plat Application Requirements 12-14: Per CEMC 16.12A.030(L)-(N), the application should include a preliminary stormwater plan, utility plan, and erosion control plan;

Response: The P-Plat application does not include separate stormwater, water, or sanitary sewer utility plans; instead, the stormwater, water, and sanitary sewer utility plans for the Single-Family Residential Community are subsumed by the Project’s stormwater, water, and sanitary sewer utility plans depicted on Sheets C300-C302. An erosion control plan, as well as a plan for the location of gas, electric, and communications utilities, will be provided with each Phase Plan (as that term is defined in the Amended and Restated Development Agreement).

P-Plat Application Requirement 15: Per CEMC 16.12A.030(O), the application should include proposed contours with intervals of five feet or less;

Response: The P-Plat application comports with the requirement to depict proposed contours within the overall subdivision.

P-Plat Application Requirement 16: Per CEMC 16.12A.030(P), the application should include the names and addresses of the owner, developers and surveyor or engineer who designed the plat;

Response: The face of the proposed P-Plat includes the Sun’s name and address, as well as that of Atwell, the surveying and engineering firm that designed the plat.

P-Plat Application Requirement 17: Per CEMC 16.12A.030(Q), the application should include a phasing plan, if phasing of the final plat is proposed;

Response: The P-Plat application does not include a separate phasing plan; rather, the phasing for the Single-Family Residential Community will proceed alongside the overall phasing for the Project, as more particularly described in Section I(F) of this Narrative.

P-Plat Application Requirement 18: Per CEMC 16.12A.030(R), the application should include any other information that may be necessary to determine compliance with city standards;

Response: Sun will submit any other information that is reasonably required by the City necessary to review and analyze the sufficiency of the P-Plat application.

D. Amended and Restated Development Agreement

In addition to the individual applications comprising the Major Modification Application described in Section III(A)-(C) above, Sun is simultaneously proposing an amendment and restatement of the 2002 DA. The CEMC does not prescribe any process or application requirements for a new development agreement or an amendment to an existing development agreement. Thus, Sun submits the proposed Amended and Restated Development Agreement included in its application materials and will collaborate with the City on the terms of the Amended and Restated Development Agreement as authorized by RCW 36.70B.170 and CEMC 14.10.080(B).

E. Consolidated Application Processing

As noted above, Sun proposes that the Major Modification Application be processed as a “Type 4 Review” under CEMC 14.30.080. See CEMC 14.30.040 (listing “Planned Mixed-Use Development, Approval, and Major Modification” as a Type 4 Review). Furthermore, Sun requests that the proposed Amended and Restated Development Agreement also be processed as a “Type 4” approval pursuant to the mandate of CEMC 14.30.040.

For administrative efficiency and in support of the City’s goal to consolidate permit processing for projects that require two or more permits or approvals, Sun requests that the Major Modification Application and the proposed Amended and Restated Development Agreement be processed utilizing a consolidated Type 4 Review process, referred to in CEMC 14.30.020(B) as a “master” application. In accordance with CEMC 14.30.020(B), Sun requests that all public meetings, comment periods, and hearings on both the Major Modification Application and the proposed Amended and Restated Development Agreement be consolidated into a single, unified process.

IV. PLANNED MIXED USE FINAL PLAN APPLICATION

This Section IV provides a comprehensive review of the Code provisions relevant to the City’s consideration of the Planned Mixed Use Final Plan application, less discussion of Sun’s compliance with the PMUFP application requirements discussed in Section III(A) above.

A. PMUFP Application Compliance with Relevant Code Provisions

The Project is within the PMU District zone. As explained in Subsection 1 below, the Project complies with the relevant zoning requirements found in CEMC Ch. 17.45. Additionally, while the Project is not required to comply with the requirements imposed on development in the City's other zoning districts,⁴² the Project largely accords with the residential, commercial, and RV Park use standards found in CEMC 17.16, 17.32, 17.34, and 17.51, respectively, as outlined below.

1. CEMC 17.45 | PMU District Provisions

a. PMU District Purposes | Ch. 17.45.010(A)

CEMC 17.45.010(A) discusses six primary purposes of the PMU District zone. The Project supports all six purposes, as further discussed below.

Purpose 1: To assure that large new development creates a complete and interdependent Cle Elum community that contains a mix of land uses that provides for most of the daily needs of its residents and visitors including recreation, employment, housing affordable to all residents and education. CEMC 17.45.010(A)(1).

Response: As outlined above, the Project includes a diverse mix of land uses, including Single- and Multi-Family Communities (that includes affordable housing), a Recreational Resort, and a Commercial Center, along with parks and a trail system. These uses correspond perfectly with the City's vision for the PMU District zone and will provide recreation opportunities, employment opportunities, and housing affordable to residents of Cle Elum and nearby communities.

Purpose 2: To obtain development within the city with imaginative site planning in a compatible mixture of land uses that will encourage pedestrian rather than automotive access to employment opportunities and goods and services. CEMC 17.45.010(A)(2).

Response: The Project has gone through many iterations with input from professional planners, Sun, the City, and other stakeholders. The Project was designed around certain natural features within the site, including woodlands, wetlands and steep slopes. In addition, Sun worked to place higher intensity, denser uses near existing high intensity uses to create a compatible mix of uses throughout the Property. Pedestrian connectivity has been thought of throughout the planning process, with an entire trail network designed for hiking, biking, and equestrian uses. Residents and guests can access the commercial center and recreational resort without using the roads in the City's downtown core. The Project has been designed as a mixed-use, environmentally sensitive,

⁴² CEMC 17.45.050 requires only that the "uses" developed in the PMU District zone be permitted principally or conditionally within the City. It does not, however, require importation of development standards for those uses applicable in other zoning districts within the City. The purpose of the PMU District is to allow "imaginative site planning," which is a clear mandate that development within the PMU District zone does not require compliance with development standards applicable in other zoning districts. See CEMC 17.45.010(A)(2). Nevertheless, to that end, Sun proposes compliance with the development standards applicable for each use in other zoning districts, except as specifically identified in the Proposed Development Standards included in the Major Modification Application.

pedestrian-oriented, multi-use community meeting the goals envisioned by the City's long-term goals and policies.

Purpose 3: To encourage building design that is in keeping with the climate and the traditional rural, small town, mountain character of the Cle Elum area. CEMC 17.45.010(A)(3).

Response: The Project will include development of single-story ranch-style residences, three-story multi-family apartment buildings, a trailhead park, hiking trails, RV campsites and over 50% open space – all quintessentially of a rural and mountain character and designed with a “rustic mountain” or “modern mountain” architecture and color scheme. In addition, care will be taken to save and build around as many existing trees as possible, while adding additional native species plants and trees to enhance the existing natural beauty of the Property.

Purpose 4: To ensure sensitivity in land use and design to adjacent land uses within the PMU district, and to avoid creating incompatible land uses. CEMC 17.45.010(A)(4).

Response: The Project reduces the scale and intensity of the Approved Plan, with fewer residential units and a smaller commercial component. In addition, the Commercial Center is located on the far east side of the Property adjacent to SR-903, near other higher intensity uses such as the schools, the City's water treatment plant, and the police station. The Multi-Family Community will serve as a buffer between the Commercial Center and the Single-Family Community. Moving west across the Property from the Single-Family Community, the Recreational Resort will be located adjacent to the Cle Elum River. Not only will the Recreational Resort serve as a buffer between the Single-Family Community and the River Corridor Open Space Parcel, it also provides an intentional transition from the undeveloped open space on the west side of the Property to the lots comprising the Single-Family Community.

Notably, the Project is designed to maintain the natural features of the Property while allowing guests to enjoy its natural beauty. The building of a Recreational Resort (instead of a more expansive single-family community) will allow more trees to be saved than would be preserved under the Approved Plan, and over 50% of the Property's open space will be preserved at full buildout for the Project.

Purpose 5: To ensure that all development gives adequate consideration to and provides mitigation for the impacts it creates with respect to transportation, public utilities, open space, recreation and public facilities, and that circulation, solid waste disposal and recycling, water, sewer and stormwater systems are designed to the extent feasible to be adequate to serve future adjacent development that can reasonably be expected. CEMC 17.45.010(A)(5).

Response: Due to the scope of changes proposed in the Major Modification Application and the lapse of time between the City's approval of the Approved Plan and the submission of the Major Modification Application, the City determined that an updated environmental study was necessary to understand the potential environmental impacts of the Project. The process of updating the FEIS resulted in the City's issuance of the Environmental Documents. The Environmental Documents suggest a variety of mitigations to account for the Projects impacts on transportation, public utilities, open space, recreational facilities, water, sewer, and stormwater systems, and

public services. Mitigations required for the Project are included in the Proposed Conditions. Sheets included in the Site Plan Set depict proposed sewer, water, stormwater, recreation and open space elements. Utilities will be designed for approval by the City to maintain adequate levels of service on adjacent facilities.

Purpose 6: To ensure that development protects and preserves the natural environment to the maximum extent possible, including but not limited to protecting the water quality of the Cle Elum and Yakima Rivers, contributing to the long-term solution of flooding problems, protecting wetlands and sensitive areas, protecting views and providing a wooded background and ridge adjacent to the community. CEMC 17.45.010(A)(6).

Response: CEMC 18.01.050 requires that projects negatively impacting these features or wildlife habitats be denied unless adequate mitigation employing Best Available Science is provided. Sheet C001 of the Site Plan Set shows wetland and river locations, based on information derived from a critical areas report authored by Raedeke Associates in September 2020.⁴³ Based on that report, the FSEIS reports that: “Three wetlands and their buffers totaling 3.4 acres are located in potential development areas. FSEIS at 2-34. The Project will not include any development within existing wetlands identified in the Site Plan Set; wetlands and wetland buffers within the Property will be protected pursuant to applicable City and State regulations.

Other wetlands and their associated buffers exist in the River Corridor Open Space area, where development is largely prohibited by the “Conservation Easements” described in Proposed Condition 17. The Conservation Easements will remain in force and continue to protect the wetlands and sensitive areas in the vicinity of the Cle Elum River while simultaneously protecting the wooded background and ridge views that are important elements of the community’s character.

b. PMU District Objectives | Ch. 17.45.010(B)

CEMC 17.45.010(B) discusses nine primary objectives for the PMU District zone. The Project furthers all nine objectives, as further discussed below.

Objective 1: To preserve or create open space for the enjoyment of the residents of the city, employees of businesses located within the city and the general public. CEMC 17.45.010(B)(1).

Response: The Project proposes 553 acres of open space—more than sixty percent (60%) of the Property. This open space includes an extensive trail system for hikers, bikers, and equestrians to enjoy the outdoors. In addition, a large trailhead park that will be open to the public is proposed for the portion of the Property adjacent to the City’s proposed Community Recreation Center on Bullfrog Road. The trailhead park will be designed to complement the Community Recreation Center and will provide additional recreational opportunities for the City’s residents and guests. In addition, the Recreational Resort Project will help preserve more open space and trees than originally contemplated in the Approved Plan.

⁴³ See DSEIS (available at <https://cityofcleelum.com/wp-content/uploads/2020/10/Issued-47-N-Draft-SEIS-9.18.20-DSEIS-ONLY-Redacted.pdf>) at Appendix E.

Objective 2: To create attractive, pedestrian-oriented neighborhoods with a range of housing types, densities, costs and ownership patterns. CEMC 17.45.010(B)(2).

Response: The Project will provide a range of housing types, including affordable and market rate multi-family rental units and single-family residences. All buildings within the Project will be attractive and built with “rustic mountain” and “modern mountain” architecture styles of the local area while providing a large trail-network for pedestrians throughout the Property.

Objective 3: To provide access to employment opportunities and goods and services in close proximity to residential uses. CEMC 17.45.010(B)(3).

Response: The Project’s buildout will provide ample employment opportunities.⁴⁴ Additionally, upon Project completion, the Commercial Center and the Recreational Resort will create employment opportunities.⁴⁵ Additionally, there will be sales and management jobs created by the Single and Multi-Family communities, providing additional much needed jobs in the City.

Objective 4: To provide a balanced mix and range of land uses within and adjacent to the development that minimize the necessity for the use of automobiles on a daily basis. CEMC 17.45.010(B)(4).

Response: As outlined within this Narrative, Sun proposes to maintain a balanced mix of uses in the Project. Commercial and Residential uses are complemented with Recreational uses which are consistent with the objectives of the PMU District Zone and the promotion of destination tourism as contemplated in the City’s Comprehensive Plan.

Objective 5: To use the highest quality architectural design and a harmonious use of building materials. CEMC 17.45.010(B)(5).

Response: All buildings within the Project will have a combination of “rustic mountain” and “modern mountain” architectural styles and will incorporate a color scheme similar to Suncadia’s. Sun will develop architectural guidelines for the Commercial Center buildings and Multifamily Community, to ensure a cohesive look throughout the public-facing aspects of the Project.

Objective 6: To provide a variety of street sizes and designs, including narrow streets designed principally for the convenience of pedestrians as well as streets of greater width designed primarily for vehicular traffic. CEMC 17.45.010(B)(6).

Response: Sun is proposing 20’ and 24’-wide streets within the Single- and Multi-Family Communities and 20’ wide streets within the Recreational Resort. All streets within the Project will remain private and be owned and maintained by Sun. Sun does not allow parking on its internal streets for the safety of its guests and to provide for easier pedestrian access. Sun has incorporated a pedestrian trail network which will contain paths of various widths and materials as outlined in the Proposed Development Standards.

⁴⁴ See FSEIS at p. 1-16 (construction of FSEIS Alternative 6 would create approximately 607 local jobs).

⁴⁵ See FSEIS at 2-38 (the Recreational Resort would employ 30 to 35 full time employees as well as 70-90 seasonal workers). Note, this does not include additional jobs created by the retail uses in the Commercial Center.

Objective 7: To provide commons, greens, parks or civic buildings or spaces as places for social activity and assembly for the neighborhood and community. CEMC 17.45.010(B)(7).

Response: Sun and its predecessors-in-interest in the Property donated twelve (12) acres of land to the City for the construction of the Community Recreation Center as discussed above in Section II(D)(3), and Sun is contractually obligated to provide four million dollars (\$4,000,000.00) in funding for the construction Community Recreation Center (of which two million dollars has already been paid and the remaining two million dollars due and payable on December 31, 2025). In addition, Sun will build public parks and trails throughout the Project, including a public trailhead park adjacent to the Community Recreation Center. As part of the Single- and Multi-Family Communities, Sun will build a clubhouse and pool along with other amenities such as sports courts and dog parks for use and enjoyment by its residents. Finally, there will be multiple spaces for activities and engagement within the Recreational Resort.

Objective 8: To provide clustered development to preserve open space within the corporate limits of the city while still achieving an appropriate overall density for the city. CEMC 17.45.010(B)(8).

Response: The Project proposes to preserve over 550 acres of open space while providing 757 units of needed single and multi-family housing within the City, including 50 affordable housing units. The Project has been clustered to preserve natural features and provide recreational opportunities throughout the Property while providing a mix of uses at allowed densities.

Objective 9: To maintain Old Town as the principal retail center for the City of Cle Elum. CEMC 17.45.010(B)(9).

Response: The proposed 25-acre Commercial Center is much smaller than the Approved Plan’s 75-acre business park. The smaller-scale Commercial Center included in the Project poses a reduced risk to disrupting Old Town as the City’s principal retail center. The Commercial Center will offer the opportunity for a smaller-scale retail and restaurant spaces, along with a much needed second grocery store in the City, but it will not be large enough to supplant Old Town as the City’s principal retail center.

c. PMU District Permitted Uses | Ch. 17.45.040–050

CEMC 17.45.040 encourages a mix of uses in the PMU District zone. The Project, as discussed in Section IV(A)(1)(a) includes a mix of uses. CEMC 17.45.050 notes that “all principally and conditionally permitted uses in this title may be allowed in the PMU district pursuant to an approved final plan[.]” All uses proposed for the Project, including residential, RV Park, and retail/commercial uses, are permitted elsewhere in the CEMC, as discussed below.

d. PMU District Development Standards | Ch. 17.45.060

The PMU District zone is intended to permit development “not constrained by fixed development standards.” CEMC 17.45.060(A). Notwithstanding the foregoing, CEMC 17.45.060(B) specifies eleven specific standards that must be complied with. The Project complies

with all eleven development standards described in CEMC 17.45.060(B), as further discussed below:

Standard 1: All property in one ownership shall be included in a PMU application. CEMC 17.45.060(B)(1)

Response: Sun owns all of the Property.

Standard 2: The minimum acreage for a mixed use final plan shall be of such size that the applicant can demonstrate the ability to incorporate the intent of this chapter. CEMC 17.45.060(B)(2)

Response: The 889-acre Property meets the lot size and ownership requirements of the PMU District zone.

Standard 3: At least thirty-five percent of the total acreage within the proposed final plan must be dedicated to open space, natural areas, parks, recreation areas, or village greens, commons or public assembly areas, excluding streets and parking areas. CEMC 17.45.060(B)(3)

Response: More than half of the 889 acres comprising the Project (approximately 62%) is dedicated to open space.

Standard 4: The tract or tracts of land included in a proposed mixed use final plan in a PMU district must be in one ownership or control, or be the subject of a joint application by the owners of all the property included. CEMC 17.45.060(B)(4)

Response: Sun owns all of the Property.

Standard 5: Proposed circulation, solid waste disposal and recycling, water, sewer and stormwater management systems shall be designed in such a manner to allow adequate and efficient future expansion to accommodate development which can reasonably be anticipated on adjacent or nearby lands within the City of Cle Elum or the UGA. CEMC 17.45.060(B)(5)

Response: The City prepared Environmental Documents that propose substantial mitigations to account for Project's impacts to traffic, water, and sewer, and stormwater management systems. Mitigations for environmental impacts anticipated because of the construction the Project are included in the Proposed Conditions. Sheets included in the Site Plan Set depict proposed sewer, water, stormwater, recreation and open space aspects of the Project. Utilities will be designed for approval by the City to maintain adequate levels of service on adjacent facilities. Notably, the Project is not anticipated to require mitigations for wastewater treatment, solid waste disposal or stormwater management, as Sun's predecessors-in-interest cooperated with the City and County to upgrade the regional solid waste facility (as described in Section II(D)(5) and the City's stormwater system has adequate capacity to accommodate the Project's requirements.

Standard 6: The siting of compatible land uses shall be encouraged to the greatest extent possible through the use of sensitive site planning, use of landscaping, buffering and open space. CEMC 17.45.060(B)(6)

Response: The Site Plan Set was designed around certain natural features within the Property, including woodlands, wetlands and steep slopes, and more than half of the Property will be preserved as open space. In addition, Sun worked to place higher intensity, denser uses near existing high intensity uses to create a compatible mix of uses throughout the site. Pedestrian connectivity has been thought of throughout the planning process, with an entire trail network designed for hiking, biking, and equestrian uses. Project residents and guests can access the Commercial Center and Recreational Resort without using the City's road network. It has been designed as a mixed-use, environmentally sensitive, pedestrian-oriented, multi-use community meeting the goals envisioned by the City's long-term goals and policies.

Standard 7: A lighting plan that provides sufficient illumination without significantly diminishing the ambient darkness of the rural setting. Outdoor lighting shall be designed so as not to direct light and/or glare on public roadways and/or neighboring properties. All outdoor lighting shall be fully cut off with the light fully shielded to reduce unnecessary light and glare. No lighting shall exceed a level of thirty footcandles; 17.45.060(B)(7)

Response: The standard will be met. A lighting plan that comports with current best practices for outdoor lighting recommended by the International Dark Sky Association will be provided with each Phase Plan (as that term is defined in the Amended and Restated Development Agreement).

Standard 8: Average density for single family to be four dwelling units per acre; minimum density for multi-family to be eight units per acre; maximum density for multiple family to be twelve to fifteen dwelling units per acre. Submittal of the final plan shall include sufficient information to determine that all proposed lots have adequate buildable area for the proposed use; 17.45.060(B)(8)

Response: The gross residential density for the Single-Family Community is 3.9 per acre. The gross residential density for the Multi-Family Community is 12.1 per acre.

Standard 9: Maximum building height: three stories or thirty-five feet, whichever is lower; 17.45.060(B)(9)

Response: The maximum building height is proposed to be fifty (50) feet (within the Multi-Family Community) per the Proposed Development Standards.

Standard 10: Include provisions for a floor area ratio for business park; maximum amounts of impervious surface and building coverage for the various uses; refer to the city's zoning code. CEMC 17.45.060(B)(10)

Response: The Project does not envision construction of a business park; instead, a 25-acre Commercial Center will be constructed in the general vicinity of the 75-acre business park contemplated by the Approved Plan. Floor area ratios for the Commercial Center will be included in any Phase Plan (as that term is defined in the Amended and Restated Development Agreement) concerning the Commercial Center. To that end, all Phase Plans will include information related to impervious surface and building coverage.

Standard 11: All other requirements of the Cle Elum Municipal Code such as parking, landscaping street standards, etc., unless specifically modified by a subarea plan or development agreement. CEMC 17.45.060(B)(11)

Response: The PMUFP application does not contemplate specific relief from any parking, landscaping, or street standard found in the CEMC; compliance with these requirements is typically evaluated during building permit requests following a discretionary land use approval.

CEMC 17.45.110 requires that all subsequent construction approved after the PMUFP's approval must meet the design standards of the approved PMUFP and the CEMC. City staff will review applications for implementing permit necessary to construct the Project, and the City will have final approval authority for all permits assuring compliance.

2. CEMC 17.16 | Residential District

Because the Project is located in the PMU District and not the Residential District, it not required to comply with the use restrictions and development specifications set forth in CEMC 17.16. Nonetheless, the residential aspects of the Project will comply with the setbacks, site area, height limits, lot coverage, and other residential design standards provided in the CEMC 17.16 unless specifically addressed directly in the Proposed Development Standards.

Because the Project includes multiple types of residential housing types (single-family and multi-family), this Narrative summarizes the Project's overall compliance with the standards applicable in the Residential District zone. Generally speaking, the purpose of the Residential District zone is to "create and maintain stable and attractive residential neighborhoods, while providing diversity in housing types and maintaining affordable housing." CEMC 17.16.005. The residential components of the Project do so, providing both single-family and multi-family housing options, including affordable housing units. Additionally, the residences will be served by attractive amenities including a playground, sports courts, and a trail network that promote community and will attract a variety of residents to the area. An additional purpose of the Residential District zone is to "protect sensitive natural areas, provide for the efficient use of land and public services, and provide appropriate vehicular and pedestrian access." CEMC 17.16.005. As is the case for the Project as a whole, the Project's residential components meet and exceed these requirements. As shown in the Environmental Documents, the Project sufficiently protects sensitive natural areas with the vicinity and preserves significant portions of open space.⁴⁶

3. CEMC 17.32 | General Commercial District

As was the case with the Residential District zone standards discussed above, the Project is not required to comply with the use restrictions and specifications set forth in the CEMC 17.32 concerning development in the General Commercial District. However, structures erected on the Commercial Center parcel will comply with the setbacks, site area, height limits, lot coverage, and

⁴⁶ See, e.g., FSEIS at p. 1-5 ("SEIS Alternative 6 would result in . . . no significant land use conflicts due to the proposed layout of land uses [and] proposed open space and buffers incorporated into the site plans[.]")

other commercial design standards provided in the CEMC 17.32 unless specifically addressed directly in the Proposed Development Standards.

Generally speaking, the purpose of the General Commercial District is to “provide areas for a range of commercial uses which serve the community; to establish standards that assure that new uses are compatible with and enhance existing commercial uses; and, to provide protection to uses in other zones.” CEMC 17.32.010. While the Commercial Center is a relatively small portion of the Project—less than three percent of the Property—it is designed to provide space for a variety of commercial uses intended to serve the community. Sun intends to construct at least one large commercial structure for a grocery store anchor tenant and provide additional space for retail and restaurant businesses that will serve the entire Cle Elum community and provide opportunities for local entrepreneurs. While the exact businesses that will occupy the spaces are yet to be determined, each would be a permitted use under CEMC 17.32.020.

4. CEMC 17.34 | Business Park District

As noted in the preceding section, the Project is not required to comply with the use restrictions and specifications set forth in the other zones within the City (including CEMC 17.34 concerning development in the Business Park District). Generally speaking, the purpose of the General Commercial District is to “provide areas for light manufacturing, wholesale trade, warehousing, business and professional services, research and related activities enclosed within buildings.” CEMC 17.34.050. While the Commercial Center is a relatively small portion of the Project—less than three percent of the Property—it is designed to provide space for a variety of other uses intended to serve the community, including those permitted outright by CEMC 17.34.010. Sun may construct at structures within the Commercial Center intended to house business and professional services. While the exact businesses that will occupy the spaces are yet to be determined, each would be a permitted use under CEMC 17.32.010.

5. CEMC 17.51 | Recreational Vehicle Parks

Generally speaking, the purpose of CEMC 17.51 is to “ensure that recreational vehicle parks are located, developed and occupied in accordance with standards and regulations which will protect the health, safety, general welfare” of the citizens of Cle Elum and the occupants of the RV Park. CEMC 17.51.010(A). The proposed Recreational Resort will achieve and enhance the health, safety, and welfare of both the City’s residents as well as its guests. It will be a family-friendly outdoor oriented resort with various forms of rental accommodations, including parking spaces for owner-operated RVs, as well as “park model” RVs owned by Sun, and other functionally similar accommodations such as safari tents, tree houses, and other sleeping units.⁴⁷ Recreational Resort amenities may include sports courts (pickleball, volleyball, basketball), a fitness and wellness center, yoga lawn, communal gathering areas, yard games, pool and spa, outdoor fitness area, playscapes, grilling areas, indoor and outdoor meeting spaces, an arts and crafts area, a general store, various food and beverage offerings, dog parks, and nature trails. The Recreational Resort, like the remainder of the Project, will comport with all applicable rules and

⁴⁷ See fn. 2, *supra*.

regulations, except as relief from such rules and regulations may be granted by the proposed amendment and restatement of the 2002 DA.

As discussed further below, the Recreational Resort also complies with the general requirements for RV Parks enumerated in CEMC 17.51.010(C); the siting requirements for RV Parks described in CEMC 17.51.010(D); the design standards described in CEMC 17.51.010(H) (except as modified by the Proposed Development Standards); and the standards governing accessory uses within the Recreational Resort described in CEMC 17.51.010(I). The Recreational Resort component will not be authorized through a separate Conditional Use Permit as described in CEMC 17.51.010(E), nor will the Site and Design Review requirements of CEMC 17.51.010(F) apply because the approval for the Recreational Resort will be consolidated and considered in conjunction with other components of the Major Modification Application. Phasing for the Recreational Resort will be approved in accordance with the Phasing Plan described in Section 1(F) of this Narrative, thereby complying with the requirements of CEMC 17.51.010(G). Finally, Sun will comply with the requirements of CEMC 17.51.010(J) because it will build and operate the Recreational Resort in accordance with approvals issued for the Project (including Proposed Condition 67 that requires submission of a management plan prior to occupancy).

a. General Requirements for RV Parks | Ch.17.51.010(C)

CEMC 17.51.010(C) specifies four requirements for establishing an RV Park within the City. The Project complies with those requirements, as further discussed below:

Requirement 1: No RV shall be occupied overnight for commercial purposes anywhere in the city, except as provided for the exceptions listed in CEMC 17.51.010(C)(1)(a)-(d). CEMC 17.51.010(C)(1).

Response: The Recreational Resort meets this requirement. No RV, nor any park model, cabin, safari tent, tree house, or other sleeping unit⁴⁸ type in the Recreational Resort will be occupied by its occupant for a commercial purpose. The Recreational Resort will be operated solely for Sun's commercial purposes. However, the determination of whether an RV is occupied for a commercial purpose under CEMC 17.51.010(C)(1) is dependent on the RV occupant's intent and purpose for its overnight stay in the RV. An analysis of CEMC 17.51.010 supports this conclusion.

Exceptions (a)-(d) nestled under CEMC 17.51.010(C)(1) provide limited exceptions to the general prohibition on the occupancy of RVs for commercial purposes. Put simply, the Code intends for RVs be occupied for "travel, recreational, or vacation use" only. CEMC 17.51.010(B) (defining "Recreational vehicle" or "RV"). An RV occupant's use of an RV for "travel, recreational, or vacation" purposes, then, cannot constitute prohibited commercial uses or purposes. Exceptions (a)-(d) sanction the overnight occupancy of RVs for commercial uses (i.e., non-travel, recreational, or vacation purposes) in very limited circumstances. The exceptions allow overnight occupancy of a RV as a temporary housing stopgap in support of commercial or residential construction projects, during commercial events that are sanctioned by the City, or during commercial events sanctioned by nonprofit corporations or charities. In these limited circumstances, although the RV would not be occupied for recreational or vacation purposes, the use would still be permitted.

⁴⁸ See fn. 2, *supra*.

However, exceptions (a)-(d) do not apply to the Recreational Resort because any RV use within the Project will be for an occupant's travel, recreational, or vacation use and no other purpose. The to-be-developed Recreational Resort rules—established pursuant to Condition 67 of the Proposed Conditions—will confirm the prohibition on non-travel, vacation, and recreational RV occupancies within the Recreational Resort.

Nothing in CEMC 17.51.010(C)(1) prohibits the operation of commercial or for-profit RV Park in the City, so long as the RV Park exists to serve customers utilizing RVs for travel, recreational, or vacation uses (and, therefore, not for housing for seasonal worker or some other commercial purpose of the RVs occupant). Any other reading of CEMC 17.51 would render CEMC 17.51.010 superfluous, as it would operate as a broad prohibition on RV Parks that are ordinarily and customarily owned by private owners with sites rented to third parties for vacation and recreational purposes for limited durations.

Requirement 2: Unless otherwise included in a conditional use permit, annexation agreement, or development agreement issued by the city and regulated by RV park management, no external appurtenances, such as carports, cabanas, or patios, may be attached to any RV while it is in an RV park. There shall be no outside storage of materials or appliances. This may include, but is not limited to: construction materials, scrap metal, refrigerators, furniture typically found inside a home such as couches, or commercial equipment. CEMC 17.51.010(C)(2).

Response: Sun desires to add decks, covered porches/patios, outdoor showers, spa tubs, and other similar appurtenances, to the structures (e.g., safari tents, cabins, treehouses) and the park models within the Recreational Resort. Because the City's consideration and approval of the PMUFP application is the functional equivalent of a conditional use permit, the appurtenances proposed for the Recreational Resort, as described in this Narrative, will be authorized by the City's issuance of the PMUFP approval.

Requirement 3: No space within an RV park shall be rented for any purpose other than those expressly allowed by this section. CEMC 17.51.010(C)(3).

Response: The standard is met. The rentable spaces within the Recreational Resort will be reserved for visitors seeking to enjoy the Project and the surrounding area for recreational and vacation purposes on a transient or seasonal basis.

Requirement 4: No person, company, or corporation shall establish or modify an RV park without first complying with the provisions of this section. CEMC 17.51.010(C)(4).

Response: The standard is met. As explained herein and in the related application materials, the Recreational Resort will not be established until the city approves the Major Modification Application.

b. RV Park Siting | Ch. 17.51.010(D)

CEMC 17.51.010(D) specifies three criteria for siting an RV Park within the City. The Project complies with those three criteria, as further discussed below:

Criteria 1: RV parks may be allowed in the following zones of the city: Multiple-Family Residential District, Industrial District, Entry Commercial District, General Commercial District, Planned Mixed Use District. CEMC 17.51.010(D)(1).

Response: The Project is located in the PMU District.

Criteria 2: After development, the conditions of the soil, groundwater level, drainage and topography shall not create hazards to the property or to the health and safety of the occupants or others as determined by the city. CEMC 17.51.010(D)(2).

Response: The Project has been designed to prevent long term impacts to soil, groundwater, and topography. As required by the Proposed Conditions, a Temporary Erosion and Sediment Control Plan, Stormwater Pollution Prevent Plan, and Master Drainage Plan will be prepared and implemented to prevent any such potential hazards during construction.

Criteria 3: RV parks must be located with direct access to a street with a minimum right-of-way width of forty feet; or such park must have been designed to provide for adequately safe ingress and egress to and from a public street with adequate frontage thereon to permit appropriate access to and from the park.

Response: As depicted on Sheet C004 of the Site Plan Set, the Recreational Resort is designed to have two access points to Bullfrog Road. Furthermore, the Recreational Resort will include a primary entrance area designed to accommodate both RVs and check-ins for guests renting the fixed accommodations located within the Recreational Resort. The primary entrance to the Recreational Resort is designed to facilitate ingress and egress from the Recreational Resort without significant impact to traffic on Bullfrog Road.

c. RV Park Design Standards | Ch. 17.51.010(H)

CEMC 17.51.010(H) specifies seventeen minimum design standards for RV Parks. The Recreational Resort will comply with all seventeen standards, as further discussed below:

Standard 1: Minimum Site Area. The minimum size of an RV park, inclusive of areas used for roads and utility corridors, is one acre or as approved by city public works, planning, and building departments.

Response: The Recreational Resort is projected to be 130.8 acres.

Standard 2: Density. The number of RVs permitted in an RV park shall not exceed a density of twenty units per gross acre. During the permit review, the density may be limited further to ensure compatibility with the surrounding area.

Response: The Recreational Resort is expected to have a density of 4.8 units per acre. Many of those units will be park models, cabins, or other forms of sleeping units, so the density of RVs is expected to be smaller than 4.8 RVs per acre.

Standard 3: RV Site. (a) Each individual RV site shall be not less than eight hundred square feet in size; and (b) All RV sites shall have a minimum width of twenty feet.

Response: Sites within the Recreational Resort will be no less than 800 square feet in size and will have a minimum width of twenty (20) feet.

Standard 4: Access Points. Entrances and exits to the RV park may be shared with any abutting or adjacent uses if approved by the city, so long as access is adequately designed for safe and convenient movement of vehicular traffic into and out of the RV park, and there is minimal friction with free movement of traffic on adjacent city streets. All traffic into and out of the RV park must be through such entrances and exits. No entrance or exit shall require a turn at an acute angle for vehicles moving in the direction intended, and radii of curbs and pavements at intersections must be such as to facilitate easy turning movements for vehicles with trailers attached. No material impediment to visibility shall be created or maintained which violates the city building code, CEMC Chapter 15.04.

Response: As depicted on Sheet C004 of the Site Plan Set, the Recreational Resort is designed to have two access points to Bullfrog Road. Furthermore, the Recreational Resort will include a primary entrance area designed to accommodate both RVs and check-ins for guests renting the fixed accommodations located within the Recreational Resort. The primary entrance to the Recreational Resort is designed to facilitate ingress and egress from the Recreational Resort without significant impact to traffic on Bullfrog Road. Both entrances to the Recreational Resort will be only for the resort and separated from the residential and commercial uses.

Standard 5: Parking. At least one parking space shall be provided on each RV site or in a location within reasonable proximity to the site/sites, as approved by the conditional use permit or agreements. At least one parking space for each eight RV sites must be provided for visitor parking in the RV park.

Response: At least one parking space shall be provided for each accommodation site within the Recreational Resort, regardless of accommodation type. Sun will comply with any parking requirement imposed by Code when developing plans for permits necessary to implement the development contemplated in the PMUFP application.

Standard 6: Internal RV Park Roads. All internal RV park roads must be privately owned and maintained. RV park roads must observe the following minimums: (a) Twelve feet of width per each travel lane and eight feet of width per each parking lane; and (b) Roads must be constructed of an all-weather surface and maintained with adequate dust control program which must be submitted with the RV park application.

Response: The Recreational Resort will be comprised of private roads owned and maintained by Sun. All roads within the Recreational Resort comport with the width requirement and will be constructed using an all-weather surface in accordance with applicable road construction standards. No parking will be allowed on roads within the Recreational Resort. Because all roads within the Project will be paved, Sun does not propose submission of a post-development dust control plan for the Recreational Resort.

Standard 7: Open Space/Recreational Facilities. A minimum of five percent of the RV park must be set aside and maintained as open space for the recreational use of RV park occupants. Such space and location must be accessible and usable by all residents of the RV park for passive

or active recreation. Parking spaces, driveways, access streets and storage areas are not considered to be usable open space. The percentage requirements may be reduced if substantial and appropriate recreational facilities are provided, i.e., recreational buildings, basketball courts, swimming pool, pedestrian trails, shoreline amenities, etc. The satisfaction of open space requirements will be evaluated on a case-by-case basis.

Response: The Recreational Resort should be analyzed in light overall Project, which includes over four hundred (400) acres of open space available for recreational activities. Specifically, the Recreational Resort will have its own amenity center, and guests of the Recreational Resort will have access to abundant all open spaces, trails and other outdoor recreational areas throughout the Property that are open to the public.

Standard 8: Setbacks. No RV site shall be closer than twenty-five feet from any exterior park property line abutting upon a major arterial, or residential zone, or ten feet from any other exterior RV park property line. Permanent structures within an RV park must have front and rear yards of twenty feet each, and minimum side yards of ten feet each or as decided by city public works, planning, and building departments.

Response: No accommodation sites within the Recreational Resort are within twenty-five (25) feet of the boundary of the Recreational Resort Parcel, much less the Property's boundary. Sun's Proposed Development Standards do not require front and rear yard setbacks, but will maintain building to building setbacks of at least 10 feet.

Standard 9: Landscaping/Screening. The RV park must provide visual screening and landscaping, discussed during site and design review and as follows: (a) RV parks must be enclosed by a fence, hedgerows, shrubs, or trees. The planning commission may require a fence and hedgerow of trees, shrubs or other landscaping vegetation and will make the determination part of the conditional use permit or agreements; and (b) All trees, flowers, lawns, trails, and other landscaping features must be maintained by the RV park management in a healthy growing condition at all times, as described in CEMC Chapter 17.64.

Response: Sun will comply with all Code requirements for landscaping of an RV Park, except as may be specifically altered by the Proposed Development Standards. Additionally, an enhanced 100' buffer along Bullfrog Road will be maintained adjacent to the Recreational Resort. Sun will maintain all landscaping within the Recreational Resort in a healthy growing condition at all times.

Standard 10: Signs. Signs and advertising devices must be in conformance with the city sign code, CEMC Chapter 15.20: (a) One identifying sign which may be indirectly lit, but not with a flashing light, may be located at the entrance of the RV park. Such signs must be in conformance with the Uniform Building Code and local ordinances, as well as standards and conditions identified in the conditional use permit or agreements; and (b) Directional and informational signs for the convenience of the occupants of the RV park as allowed by city code and only as permitted within the conditional use permit or agreements.

Response: Sun will comply with all requirements of CEMC 15.20, except to the extent modified by the proposed Development Standards, for all signage that is visible from a public right-of-way.

Standard 11: Utilities. At least thirty percent of all RV sites within each RV park must have water, sewer, and electricity provided to them. At least sixty percent of all RV sites within each RV park must have water and electricity provided to them. All utility lines in each RV park must be underground and be approved by the proper agencies providing the inspections.

Response: Sun will meet all this standard (as will be depicted on relevant Phase Plans for the Recreational Resort), and all utility lines will be installed underground.

Standard 12: Storm Drainage. On-site storm drainage control facilities in RV parks are subject to the approval of the city public works, planning, and building departments according to the site and design review.

Response: Stormwater drainage within the Recreational Resort will be handled in conjunction with the stormwater management plan for the Project, as reflected on Sheet C302 of the Site Plan Set.

Standard 13: Public Facilities. RV parks must provide the following public facilities in such quantity, size, and location as is approved by the planning commission or as agreed to and set forth in any annexation agreement or development agreement:

(a) A water distribution system connected to the city's water and sewer utility;

Response: The Recreational Resort will be connected to the City's water and sewer utilities, as reflected on Sheets C300-C302 of the Site Plan Set.

(b) Fire hydrants, in number and location, shall be as required by the fire chief;

Response: Sun will follow all Code requirements and lawfully adopted standards, applicable best management principles, and the reasonable requirements of the City fire chief when selecting the location for fire hydrants within the Recreational Resort. This level of detail will be provided as required during the submission of Phase Plans (as defined in the Amended and Restated Development Agreement) for the Recreational Resort.

(c) A metered water station for filling RV water storage tanks in accordance with CEMC Chapter 15.04 and other local regulations;

Response: The Recreational Resort will have water hook ups available at all sites designed for RV occupancy. Meters will be installed at water supply connection points on the exterior of the Property.

(d) At least one restroom facility with laundry room including washers and dryers must be open to RV park occupants and shall comply with this code and other applicable codes;

Response: Phase Plans (as defined in the Amended and Restated Development Agreement) for the Recreational Resort will include at least one structure for the provision of laundry services available to Recreational Resort guests.

(e) At least one open dump station for RV sites without full hookups must be provided by and maintained by the RV park for emptying RV sewage holding tanks/containers;

Response: Sun will provide and maintain at least one open dump station within the Recreational Resort in the event it develops RV sites that do not have full sanitary sewer hook ups.

(f) Refuse tanks/containers for solid waste must be sized and provided in sufficient quantity to adequately handle one week of generated refuse by RV park occupants and follow the regulations within CEMC Chapter 8.08. RV park garbage must be picked up not less than once weekly. RV park personnel shall monitor garbage tanks/containers for cleanliness and maintain the RV park free of any uncontrolled garbage and refuse. RV dumpster locations must be screened from view by a fence or landscaped enclosure.

Response: Phase Plans (as defined in the Amended and Restated Development Agreement) for the Recreational Resort will require the provision of garbage cans and/or dumpsters necessary to accommodate refuse generated by Recreational Resort guests in accordance with CEMC Ch. 8.08.

Standard 14: Other Utility Systems. If other utility systems such as natural gas, television cable, or telephone are installed in an RV park, such installation must be in accordance with state and local laws, rules, and regulations.

Response: To the extent other utilities are installed within the Recreational Resort in accordance with Phase Plans approved by the City, such installations will accord with local, state, and federal regulations.

Standard 15: Health Regulations. All RV parks must comply with applicable state and local health laws, rules, and regulations.

Response: Sun will operate the Recreational Resort in accordance with all applicable state and local health laws, as is its obligation as a business licensed to do business in the State of Washington.

Standard 16: Site Identification. All RV sites must be well marked and numbered.

Response: Sun will mark and number all accommodation sites within the Recreational Resort in accordance with CEMC requirement and its common practice.

Standard 17: Design Standard Exceptions. The planning commission, or as may be provided in an annexation agreement or development agreement, after receiving recommendations of the city staff, may waive or modify any of the design standard requirements after finding that such improvements would not be detrimental to the existing or foreseeable development of the surrounding properties.

Response: To the extent any relief from applicable development standards is required, such proposed, supplemental standard will be discussed in the Proposed Development Standards.

d. RV Park Accessory Uses | Ch. 17.51.010(I)

CEMC 17.51.010(I) allows the construction of a variety of accessory uses, including “[m]anagement headquarters, recreational facilities, restrooms, sanitary stations, showers, coin-operated laundry facilities, and other uses and structures customarily incidental to the operation of an RV park” as a part of any RV park built within the City.

The Project contemplates the inclusion of the following types of accessory uses: check-in/office, clubhouse, spa, pools, patios, sports courts, yard games, fitness facilities, challenge courses, activity spaces for educational courses, art production (i.e. pottery or glass blowing), general store, food and beverage services, arcade, miniature golf, and comfort stations within the Recreational Resort (collectively, the foregoing describe but do not limit the “Proposed Accessory Recreational Resort Uses”). The Proposed Accessory Recreational Resort Uses comply with the criteria for accessory uses described in CEMC 17.15.010(I), as further discussed below:

Criteria 1: Such additional establishments and the parking areas primarily related to their operations shall not occupy more than five percent of the gross area of the RV park.

Response: The Proposed Accessory Recreational Resort Uses may exceed five percent of the Recreational Resort Parcel. However, any required relief from this Code requirement should be granted given the design flexibility inherent in development within the PMU District zone.⁴⁹

Criteria 2: Such additional establishments shall present no visible evidence from any city street outside the RV park of their commercial character which would attract customers other than occupants of the RV park, unless otherwise conditioned within the conditional use permit or agreements.

Response: The Proposed Accessory Recreational Resort Uses will not be sited in such a way that attracts customers from outside of the Recreational Resort and will be screened from view by the a 100 foot perimeter buffer from Bullfrog Road. In addition, commercial signage adjacent to either Bullfrog Road or SR-903 will not be used to advertise the existence of the Proposed Accessory Recreational Resort Uses.

Criteria 3: The structures housing such facilities must not be located closer than fifty feet to any city street and shall not be directly accessible from any city street, but must be accessible only from a street within the RV park, or as expressly permitted by the conditional use permit or agreements.

Response: Any structure housing a Proposed Accessory Recreational Resort Use will be within fifty (50) feet of a City street. Furthermore, the Proposed Accessory Recreational Resort Uses will be accessible only by driving into the Recreational Resort and will not be accessible from public street.

B. PMUFP Application Compliance with PMU District Decision Criteria | CEMC 17.45.090

⁴⁹ See Section IV(A)(1)(d), *supra* (discussing development standards in the PMU District zone).

CEMC 17.45.090(A) sets forth two primary approval criteria for any proposed development in the PMU District zone. First, the proposed development must substantially comply with the City’s comprehensive plan. Second, the proposed development must substantially comply with the “purposes and objectives” CEMC Chapter 17.45. The Project meets both of the approval criteria, as further discussed below.

1. Project Compliance with Current Comprehensive Plan’s Objectives

Response: The Project substantially complies with the Current Comprehensive Plan. Specifically, it supports the following relevant policies set forth in the Current Comprehensive Plan:

a. Land Use Element

Goal LU-1: Management and Implementation

LU Policy 1.3 – Ensure that new development does not outpace the City’s ability to provide and maintain adequate public facilities and services by allowing new development to occur only when and where adequate facilities exist or can be provided.

Response: The Environmental Documents suggest a variety of mitigation measures to account for the Project’s impacts on transportation, public utilities, water, sewer, and stormwater systems, and public services. Mitigation measures required for the Project are included in the Proposed Conditions. Sheets C300-C302 included in the Site Plan Set depict proposed sewer, water and stormwater utilities. Utilities will be designed for approval by the City to maintain adequate levels of service on adjacent facilities.

LU Policy 1.9 – Seek to provide adequate and appropriate lands for development for all necessary uses to accommodate the City of Cle Elum 2025 Population Projections.

Response: The Project will help the City meet its population projections by providing attractive, affordable, and diverse housing opportunities. The Project’s Single-Family Community is intended to provide a housing solution that is attainable for the workforce in the City as well as the greater upper Kittitas County community. The Multi-Family Community is intended to provide another housing option that will diversify the housing stock in the in the City and the greater upper Kittitas County community. The Multi-Family community will also include fifty (50) affordable housing units where rent/housing costs will be capped at eighty percent (80%) of the prevailing area median income for Kittitas County.

Goal LU-2: Maintain residential quality and livability suitable for a rural town.

LU Policy 2.2 – Encourage the retention of existing open spaces, trails, mobility corridors and encourage the creation of a City-wide, linked open space and trail network in order to retain the existing rural character amongst residential areas of the City.

Response: Over fifty percent (50%) of the Property will remain as open space in perpetuity to help preserve the natural features of Property (with particular care to facilitate public access to the areas adjacent to the Cle Elum River), to provide ample space for outdoor recreation for residents of the Single-Family Community, the Multi-Family Community, users of the Recreational Resort, and

members of the public. The Project will serve as a seamless transition between the mountains and the City, maintaining Cle Elum's identity as the heart of the Cascades.

LU Policy 2.9 – Promote the development and construction of pedestrian and bicycle facilities within, and linking, proposed and existing residential developments, commercial service areas and recreational opportunities.

Response: More than fifty percent (50%) of the Project area will remain open space. Sun will build public parks and trails throughout the Project, including a public trailhead park adjacent to the proposed Community Recreation Center. The Project's trail network will be maintained and managed by Sun and will be designed to facilitate future connections to the Coal Mines Trail.

Goal LU-3: Preserve Cle Elum's natural environment while allowing for growth and development.

LU Policy 3.2 – Encourage the retention of natural habitat in residential developments by providing zoning incentives that create density and setback bonuses in exchange for preservation of open space and significant tree retention.

Response: Over fifty percent (50%) of the Property will remain as open space in perpetuity to help preserve the natural features of Property (with particular care to facilitate public access to the areas adjacent to the Cle Elum River), to provide ample space for outdoor recreation for residents and visitors of Project and members of the public. In addition, care will be taken to save and build around as many existing trees as possible, while adding additional native species plants and trees to enhance the existing natural beauty of the area.

LU Policy 3.3 – Develop a long-range capital facilities program that requires the extension of public sewer to all residential areas of the City.

Response: The Project will connect to the existing City of Cle Elum water main and sanitary sewer systems, but all water and sanitary sewer infrastructure within the Project will remain private and will be owned and operated by Sun, obligating the City to no additional infrastructure maintenance obligations.

LU Policy 3.4 – All planning area waterways and wetlands shall be preserved to the maximum extent practicable through the use of the Cle Elum Critical Areas Ordinance, SEPA, Shorelines Regulations, the Kittitas County Shorelines Master Program and applicable local, state and federal, and tribal laws.

Response: No development is proposed within existing wetlands identified in the Site Plan Set, and the three identified wetlands within the Project area will be protected pursuant to applicable City and State regulations. Other wetlands and their buffers occur in the River Corridor Open Space area, where development is largely prohibited by the "Conservation Easements" described in Proposed Condition 17. The Conservation Easements will remain in force and continue to protect the wetlands and sensitive areas in the vicinity of the Cle Elum River while simultaneously protecting the wooded background and ridge views that are important for the community.

LU Policy 3.5 – All new development must be in compliance with the provisions of the 2019 Stormwater Management Manual for Eastern Washington and the Washington State Department of Ecology Best Management Practices.

Response: The Project will comply with these requirements, as set forth in the Environmental Documents. During construction temporary stormwater management measures will be implemented to prevent erosion/sedimentation and the transport of pollutants from the site to downstream water resources. These measures would follow the Best Management Practices (BMPs). A permanent stormwater management system will be installed on the Property, in accordance with the 2019 Department of Ecology Stormwater Manual for Eastern Washington.

LU Policy 3.7 – Protect wetlands to enable them to fulfill their natural functions as recipients for floodwaters and as habitat for wildlife through the Cle Elum Critical Areas Ordinance No. 1039 and SEPA.

Response: No development is proposed within existing wetlands identified in the Site Plan Set, and the three identified wetlands within the Project area would be protected pursuant to applicable City and State regulations. Other wetlands and their buffers occur in the River Corridor Open Space area, where development is largely prohibited by the “Conservation Easements” described in Proposed Condition 17. The Conservation Easements will remain in force and continue to protect the wetlands and sensitive areas in the vicinity of the Cle Elum River while simultaneously protecting the wooded background and ridge views that are important for the community.

LU Policy 3.8 – Developments in steep slope areas [as defined by CEMC 18.01] shall not be permitted unless information is provided to the City, that is both adequate and acceptable, that addresses erosion, slope and soil stability, drainage, stormwater runoff and diversion.

No development is proposed in steep slope areas. Instead, all steep slope areas within the Project will be maintained as open space.

LU Policy 3.11 – Protect and preserve water quality, natural drainage, fish and wildlife habitats and the functions of streams and wetlands.

Response: As explained in the Environmental Documents, water quality treatment will be provided for runoff from impervious road and parking surfaces. Treatment will be provided in one of several Ecology recommended treatment facility types. The Project’s water demand is significantly less than that of the Approved Plan. A Master Drainage Plan will be prepared and implemented to prevent any potential hazards during construction. As stated in the FSEIS, the Project will adhere to the City of Cle Elum Critical Areas Ordinance and Shoreline Master Program regulations regarding avoidance and minimization of impacts, as well as buffer requirements and protection of fish and wildlife habitat conservation areas. Proposed Conditions 36-38 specifically mitigate for impacts to fish and wildlife habitat.

Goal LU-4: Preserve and Protect Residential Neighborhoods

LU Policy 4.6 – Seek to create and to preserve links to a city-wide trail system that connects neighborhoods with civic, commerce, cultural/historic, and recreation areas to encourage alternate transportation modes.

Response: Pedestrian connectivity was considered throughout the Project’s planning process, with an entire trail network designed for hiking, biking, and equestrian users. Residents and guests can access the Commercial Center and Recreational Resort without using the roads in the City’s downtown core. Specifically, Proposed Conditions 30-35 obligate Sun to provide public parks and trails throughout the Project. In addition, the Amended and Restated Development Agreement obligates Sun to pay the City \$25,000 to be used for the construction of a spur from the Coal Mines Trail to the Property once the City obtains the property rights necessary to construct the spur trail.

LU Policy 4.8 – Require greenbelts, buffers and/or open space to buffer incompatible uses from residential uses.

Response: Sun’s intention is that the Multi-Family Community, with its higher density and taller buildings, will serve as a buffer between the Single-Family Community and the water treatment plant and Commercial Center to the east. Furthermore, the Multi-Family Community is separated from the Commercial Center by steep slopes and landscape buffers, and the Single-Family Community is separated from the Recreational Resort by a large steep slope buffer and landscaping. Regardless of the provided buffers, the Project is designed to be cohesive, and no uses proposed with the Project are incompatible with one another.

Goal LU-5: Create Order and Energy in Commercial Areas

LU – 5.1 Assure that a broad and diverse range of products and services are available to the residents of the City of Cle Elum.

Response: The Commercial Center will provide retail, restaurant, and business opportunities for local entrepreneurs as well as larger-scale retailers that will allow for needed retail and commercial opportunities in the community while not taking away from downtown Cle Elum as the principal commercial center of the town. Sun desires that the Commercial Center will be anchored by a grocery store plus additional retail and restaurant users to occupy this commercial space.

LU – 5.7 Continue to encourage the development of a safe and functional pedestrian network through Cle Elum’s commercial areas.

Response: Residents and guests can access the Commercial Center and Recreational Resort without using the roads in the City’s downtown core. The Project has been designed as a mixed-use, environmentally sensitive, pedestrian-oriented, multi-use community meeting the goals envisioned by the City’s long-term goals and policies.

Goal LU-6: Open Space

LU – 6.1 Discourage the disturbance of vegetation when not in conjunction with the actual development.

Response: In addition to the preservation of more than fifty percent (50%) open space withing the Project, care will be taken to save and build around as many existing trees as possible, while adding additional native species plants and trees to enhance the existing natural beauty of the area.

LU – 6.2 Open space areas should be encouraged to be used as buffers for different types of land uses.

Response: Over fifty percent (50%) of the Property will remain as open space in perpetuity to help preserve the natural features of Property and to provide buffers between the Recreational Resort and Single-Family Community and between the Multi-Family Community and the Commercial Center.

LU – 6.3 Lands designated for open space should provide for multiple open space benefits whenever possible including active or passive recreation opportunities, scenic amenities, fish and wildlife habitat, etc.

Response: The designated open space within the Project includes an extensive trail system for hikers, bikers, and equestrians users alike to enjoy the outdoors. In addition, a large trailhead park that will be open to the public is being proposed next to the Community Recreation Center on Bullfrog Road. The trailhead park will be designed to complement the Community Recreation Center and provide additional recreational opportunities for residents and guests of Cle Elum and the larger community. In addition, the Recreational Resort component of the Project will help to preserve more open space and trees *than originally contemplated in the Approved Plan.*

Goal LU-8: Protect, conserve and enhance the Cultural, Archaeological, and Historic preservation in Cle Elum

LU – 8.5 Preserve and protect historic and cultural resources of significance to the City and local Tribes. Support the cultural values, language, and art forms of local Native Americans.

Response: A Cultural Resources Technical Report was prepared with the Environmental Documents, analyzing the potential impacts to the cultural resources of the Project. The report found no significant impacts on cultural resources that would be caused by the Project. In the event that the Project encounters as-yet unknown cultural resources, Sun will comply with adequate mitigation measures to ensure preservation and protection of historic and cultural resources of significance as required by State law.

Goal LU-11: Geologically hazardous areas

LU – 11.1 Encourage new developments to locate in areas that are relatively free of environmental problems relating to soil, slope, bedrock, and the water table. Proposed developments should be reviewed by the appropriate City staff or consultants to identify site-specific environmental problems.

Response: The Project has been designed to prevent long term impacts to soil, groundwater, and topography. Development of the Project would comply with the Code's performance standards for development in geologically hazardous areas (CEMC 18.01.070(F)). As required by the Proposed Conditions, a Temporary Erosion and Sediment Control Plan, Stormwater Pollution Prevent Plan, and Master Drainage Plan will be prepared and implemented to prevent any such potential hazards during construction.

Goal LU-12: Water Quality & Quantity

LU – 12.1 Maintain healthy, functioning ecosystems through the protection of unique, fragile, and valuable elements of the environment, including ground and surface waters, wetlands, and fish and wildlife and their habitats, to conserve the biodiversity of plant and animal species.

Response: The Project will adhere to the City of Cle Elum Critical Areas Ordinance and Shoreline Master Program regulations regarding avoidance and minimization of impacts, as well as buffer requirements and protection of fish and wildlife habitat conservation areas. Proposed Conditions 36-38 specifically mitigate for impacts to fish and wildlife habitat.

LU – 12.2 Prevent cumulative adverse environmental impacts to water quality, wetlands, and fish and wildlife habitat, and the overall net loss of wetlands, frequently flooded areas, and habitat conservation areas.

Response: The Environmental Documents have found the Project would cause no cumulative effects to water quality or wetlands. In addition, the Conditions require Sun to comply with all of the requirements for fish and wildlife mitigation contained in the Conservation Agreements and adequately protect against any negative impacts to wetlands on or near the site.

LU – 12.3 The City shall consider the impacts of new development on water quality as part of its review process and will require any appropriate mitigating measures.

Response: As explained in the Environmental Documents, water quality treatment will be provided for runoff from impervious road and parking surfaces. Treatment will be provided in one of several Ecology recommended treatment facility types. The Project's water demand is significantly less than that of the original Approved Plans. A Master Drainage Plan will be prepared and implemented to prevent any potential hazards during construction. As stated in the FEIS, the Project will adhere to the City of Cle Elum Critical Areas Ordinance and Shoreline Master Program regulations regarding avoidance and minimization of impacts, as well as buffer requirements and protection of fish and wildlife habitat conservation areas. Proposed Conditions 36-38 specifically mitigate for impacts to fish and wildlife habitat.

LU – 12.4 Protect members of the public and public resources and facilities from injury, loss of life, or property damage due to landslides and steep slope failures, erosion, seismic events, or flooding.

Response: All of the on-site areas classified as erosion, steep slope, and landslide hazard areas would be located outside of the areas proposed for development.

LU – 12.5 Direct activities not dependent on critical areas resources to less ecologically sensitive sites and mitigate unavoidable impacts to critical areas by regulating alterations in and adjacent to critical areas.

Response: The Project would adhere to the City of Cle Elum critical areas ordinance and Shoreline Master Program regulations regarding avoidance and minimization of impacts, as well as buffer requirements and protection of fish and wildlife habitat conservation areas.

LU – 12.6 Adequate on-site disposal of surface water runoff shall be provided by all types of development.

Response: The potential for erosion and sedimentation, and other pollution of surface waters would be less than the Approved Plan because there would be less clearing and development onsite, and development would include temporary stormwater management that would comply with current regulations.

Goal LU-13: Drainage, flooding, and stormwater runoff

LU – 13.1 Keep impervious surfaces to a minimum to achieve open space, greenery, and reduce impact on drainage system.

Response: Over 50% of the Property will remain as open space in perpetuity to help preserve the natural features of Property. In addition, Master Drainage Plan would be prepared and implemented, consistent with the 2019 Ecology Manual.

LU – 13.2 Development shall take adequate measures to minimize significant erosion and flash flooding conditions by: Limiting the total amount of impervious surface to be created; Planting sufficient vegetation to offset the effects of the impervious surfaces created; and/or providing sufficient drainage facilities to control storm runoff.

Response: Development of the Project will be governed by a Temporary Erosion and Sediment Control (“TESC”) Plan and Stormwater Pollution Prevention (“SWPP”) Plan, which will include Best Management Practices to be implemented during construction each phase of the Project. as described in the 2019 *Washington State Department of Ecology Manual for Eastern Washington* (2019 Ecology Manual). During construction of all Phases, Developer will utilize a Erosion and Sediment Control monitor certified by the Department of Ecology to monitor erosion and sediment control.

LU – 13.3 Where there is a high probability of erosion, grading should be kept to a minimum and disturbed vegetation should be restored as soon as is feasible. In all cases, appropriate measures to control erosion and sedimentation shall be required.

Response: All of the on-site areas classified as erosion, steep slope, and landslide hazard areas would be located outside of the areas proposed for development.

Goal LU-14: Air Quality

LU – 14.1 Increase the number of residents who choose to walk or bicycle in lieu of driving to reduce auto demand on local and arterial streets, promote air quality, and increase overall community health.

Response: Pedestrian connectivity has been thought of throughout the planning process, with an entire trail network designed for pedestrian and bicycle use. Residents and guests can access the commercial center and recreational resort without using the roads in the City’s downtown core. Specifically, Proposed Conditions 30-35 obligate Sun to provide public parks and trails throughout the Project.

LU – 14.2 Maintain acceptable air quality standards.

Response: Proposed Conditions 58-61 adequately mitigate air quality impacts of the Project.

Goal LU-15: Noise

LU – 15.1 Reduce noise pollution in City limits to improve livability.

Response: Noise associated with this project will meet all applicable requirements. See Proposed Conditions 66-68. Construction noise and its associated impacts on adjacent land uses will be less than under the Approved Plan because the Single-Family Community will utilize homes constructed offsite.

LU – 15.2 Reduce and prevent excessive noise and vibration in attached residential dwelling through construction requirements.

Response: Construction and operation of the Project shall be consistent with Code requirements related to noise and with applicable State noise regulations will apply where the CEMC has not established noise thresholds.

Goal LU-17: Climate and Sustainability

LU – 17.2 Design programs that reduce greenhouse gas emissions through reducing energy consumption, vehicle emissions, and enhancing land use patterns to reduce vehicle dependency.

Response: The Project will promote nonmotorized transportation through the establishment of the trail network throughout the Property. Roads within the Project will also be bordered by sidewalks ideal for walking or bicycling. The use of factory built housing also provides enhanced efficiency in the construction process by eliminating construction waste, reducing vehicular trips from for construction of the homes on-site, and providing enhanced energy efficiency features up to and including energy star certified homes.

Goal LU-18: Aesthetics

LU – 18.1 The City should identify and adopt policies and practices that encourage productive, creative, and artistic activities and uses and adjust land use policies to enhance these uses within the City, UGA, and surrounding areas.

Response: The Recreational Resort include a arts-and-crafts activities and facilities, along with educational opportunities promoting artistic endeavors.

LU – 18.6 Encourage the development of spaces that attract both residents and tourists, and promote social and community interaction.

Response: The Recreational Resort will be a family-friendly, transient, outdoor resort with various lodging options to include park model cabins, safari tents, tree houses, and other accommodations for rent as well as sites for transient RVs. It is designed support tourism and outdoor hospitality. The Recreational Resort will include sports courts (pickleball, volleyball, basketball), a fitness and wellness center, yoga lawn, communal gathering areas, yard games, pool and spa, outdoor fitness

area, playscapes, grilling areas, indoor and outdoor meeting space, arts and crafts area, a general store, various food and beverage offerings, dog parks, and nature trails.

The Single-Family Community will similarly offer spaces for social and commercial interactions and may include amenities such as a clubhouse with meeting space and workout facilities, a pool and patio deck, sports courts, a dog park, playground, and a trail network.

In addition, Sun’s predecessors donated 12 acres of land for a new Community Recreation Center, and Sun is contractually obligated to provide four million dollars (\$4,000,000.00) in funding for the construction Community Recreation Center (of which two million dollars has already been paid and the remaining two million dollars due and payable on December 31, 2025).

LU – 18.9 Create commercial and higher density residential areas, which provide high levels of public amenities.

Response: The Commercial Center will be located on approximately 25 acres in the easternmost area of the Property, directly adjacent to SR-903. Sun intends is to construct at least one large commercial structure for a grocery store anchor tenant and provide additional space for retail and restaurant businesses that will serve the entire Cle Elum community and provide opportunities for local entrepreneurs. This is located immediately adjacent to the high density Multi-Family Community. The Multi-Family Community will be within walking distance of the new Community Recreation Center and will be interlinked with the trail network that leads to all areas of the Property.

LU – 18.10 Locate open space and common areas to preserve existing views and vistas, or other significant site features.

Response: Over 50% of the Property will remain as open space in perpetuity to help preserve the natural features of Property. The Conservation Easements will remain in force and continue to protect the wetlands and sensitive areas in the vicinity of the Cle Elum River while simultaneously protecting the wooded background and ridge views that are important for the community.

LU – 18.12 Encourage architectural styles that reflect the City’s built and natural environment.

Response: All architecture in the Project will be of quintessentially of mountain-rural character and designed with a combination of “rustic mountain” and “modern mountain” architecture and color schemes.

b. Transportation Element

Objective 1: Be consistent with the City’s Comprehensive Plan Goals and Policies, the State’s Growth Management Act, and County-wide Planning Policies. (RCW 36.70(A).040; CWPP 4.1, 4.3; KC Comp Plan GPO 4.7, 4.47)

T-2 Transportation improvements should support land use plans.

Response: The Proposed Conditions provide substantial mitigation measures for the Project’s transportation impacts, including Sun’s responsibility for all costs associated with the construction

of all on-site transportation facilities (vehicular and pedestrian) and all access points to the Property from Bullfrog Road and SR 903. In addition, Sun will pay its pro-rata share of the cost of development of off-site transportation facility improvements required to mitigate the impacts of the Project on the City's roadway network as more particularly described in the Proposed Conditions.

T-3 Transportation plans should be phased concurrently with growth.

Response: The Proposed Conditions require traffic monitoring, ensuring that required transportation improvements are developed concurrently with the Project's buildout.

T-4 Adequate transportation facilities and services should be in place at the time of occupancy of a development.

Response: Sun is responsible for all costs associated with the construction of all on-site transportation facilities (vehicular and pedestrian) and all access points to the Property from Bullfrog Road and SR 903. And any transportation facilities necessary to serve various Project phases will be constructed prior to the occupancy of such phase.

T-8 Whenever possible, the disruptive impacts of traffic related to heavy residential development, or commercial areas should be minimized.

Response: The Project will comply with the traffic mitigations required by the Proposed Conditions—mitigations that are designed to avoid traffic disruptions and inadequate levels of service resulting from the Project. Additionally, during construction, trucks will be routed, to maximum extent possible, on temporary construction routes within the Property, rather than relying on public roads outside of the Property. If necessary to protect the public health, safety, and welfare, the City may impose reasonable additional truck route requirements, applicable to the City as a whole.

Objective 2: Create a comprehensive street system that provides reasonable vehicular circulation throughout the City while enhancing the safety and function of the overall local transportation. (CWPP 4.1; KC Comp Plan GPO 4.1, 4.3, 4.4)

T-10 Streets and pedestrian paths in residential neighborhoods should be arranged as an interconnecting network that serves local traffic and facilitates pedestrian circulation.

Response: Streets and pedestrian paths within the Project are designed to facilitate local vehicular and pedestrian traffic within the Project.

T-15 Provide a balance between protecting neighborhoods from increased through traffic while maintaining access to neighborhoods.

Response: The entrance to the Recreational Resort will be off Bullfrog Road and the entrance area is designed to accommodate both transient RV and accommodation guest check-ins within the boundaries of the Recreational Resort. Roads within the Project are designed to route Recreational Resort traffic away from the Single- and Multi-Family Communities.

Objective 3: Evaluate existing and future land use for its impacts to the circulation system; ensure that a consistent level of service is provided to the public; and any improvements that may be required, are concurrent to the development. (RCW 36.70(A).040; CWPP 4.8; KC Comp Plan GPO 4.16, 4.18)

T-22 The City shall not issue development permits where the project requires transportation improvements that exceed the City's ability to provide these in accordance with the adopted Level of Service standard, unless the developer accepts full responsibility for such improvements.

Response: Sun is responsible for all costs associated with the construction of all on-site transportation facilities (vehicular and pedestrian) and all access points to the Property from Bullfrog Road and SR 903. In addition, Sun will pay its pro-rata share of the cost of development of off-site transportation facility improvements required to mitigate the impacts of the Project on the City's roadway network and will comply with the transportation system improvement requirements more particularly described in the Proposed Conditions.

T-23 New development shall be allowed only when and where all transportation facilities are adequate at the time of development, or unless a financial commitment is in place to complete the necessary improvements or strategies which will accommodate the impacts within six years; and only when and where such development can be adequately served by essential transportation facilities without reducing level of service elsewhere.

Response: The Project will comply with the Traffic Impact Mitigation Plan included in the Proposed Conditions, which is designed to ensure that adequate transportation facilities exist before each phase of the Project becomes operational.

T-24 At a minimum, the developer or landowner's proposal shall include provisions for sidewalks, lighting, landscaping, access, off-street parking, stormwater control, and road and signage improvements.

Response: The Phase Plans implementing the Project will include specifics on lighting, landscaping, access, off-street parking, stormwater control, and road, sidewalk, and signage improvements.

Objective 4: Promote the development and enhancement of non-motorized transportation Citywide. (CWPP 4.6; KC Comp Plan GPO 4.14.)

T-25 Pedestrian and bicycle traffic should be accommodated within all areas of the City.

Response: Under the Conditions, Sun will construct a combination of soft-surface and hard-surface trails or other pedestrian circulation such as sidewalks that will provide uninterrupted bicycle and pedestrian routes connecting the Residential Parcels, the Commercial Center, and the Recreational Resort, generally along the routes shown on the Site Plan Set.

T-30 New pedestrian facilities should be compliant with the Americans with Disabilities Act, and existing facilities should be upgraded to improve accessibility.

Response: All pedestrian facilities as part of the project will comply with the ADA.

T-36 Encourage security, maintenance, and cleanliness of pedestrian facilities.

Response: Sun will maintain and manage all pedestrian facilities.

Objective 11: Pursue adequate funding for transportation improvements from all potential sources in an efficient and equitable manner. (RCW 36.70(A).040; CWPP 4.2, 4.8; KC Comp Plan GPO 4.34-4.44)

T-58 To support economic development, growth related traffic improvements should be funded by impact fees or as a condition of development approval.

Response: The Project will comply with the implemented Traffic Impact Mitigation Plan as set forth in the Conditions.

c. Utilities Element

GOAL U3: Decisions made by the City of Cle Elum regarding utility services within the City will be made in a manner consistent with and complementary to regional demands and resources.

U - 3.2: Site utilities away from critical areas, or site them in a manner that is compatible with critical areas.

Response: The Project does not propose siting any utilities within critical areas. See Site Plan Set Sheets C004 (depicting no development within the wetlands located in the center of the Recreational Resort Parcel). Compare Sheet C002 (depicting steep slopes within the Property) with Sheet C004 (not depicting any development within those steep slopes).

U - 3.3: New development shall be allowed only when and where utilities are adequate, and only when and where such development can be adequately served by essential public utilities, or provided by the developer, without significantly degrading level of service elsewhere.

Response: Sheets included in the Site Plan Set depict proposed sewer, water, and stormwater elements. Utilities will be designed for approval by the City to maintain adequate levels of service on adjacent facilities. Other utilities required for the Project will be provided via extensions of existing facilities by those service providers with franchise rights within the City.

d. Housing Element

Goal H-1: The City of Cle Elum includes a diverse mix of housing types that meets the needs and are affordable to all segments of its population, especially low and moderate income households. The range of housing types also reflect market conditions, the City's rural setting, and small-town character.

H – 1.2 Promote the creation of housing options that are safe, affordable, and accessible for older residents.

Response: Both the Single-Family Community and Multi-Family Community will offer safe, affordable, and accessible housing options, including for older residents. The Single-Family Community will offer private ownership of manufactured homes. The Multi-Family Community is intended to provide another housing option that will diversify the housing stock in the in the City and the greater upper Kittitas County community. The Multi-Family community will also include fifty (50) affordable housing units where rent/housing costs will be capped at eighty percent (80%) of the prevailing area median income for Kittitas County. The affordable housing units will be in two buildings in the same location as the market-rate apartments.

H – 1.3 Encourage smaller units such as one bedroom-units and studios that can meet the housing needs of a diversity of ages, household types, and household sizes.

Response: Apartments within the Multi-Family Community will range in size and offer one-, two-, and three-bedroom options. In addition, Sun may include “co-living” units, which will be workforce housing with separate bedrooms attached to common living spaces and kitchens. These co-living units may be rented as housing by Sun’s employees, and likely will be marketed as affordable accommodations for other similarly situated resort and hospitality industry workers. In addition to the market-rate apartment housing and co-living units, Sun proposes the construction of fifty (50) Affordable Housing units within the Multi-Family Community.

H – 1.4 Encourage housing strategies that allow older residents to remain in the community as their housing needs evolve.

Response: The Single-Family Community offers the opportunity for home ownership of manufactured homes that are more affordable than traditionally built homes. Likewise, the Multi-Family Community offers a variety of housing options, including affordable units.

H – 1.5 Accommodate and encourage, where appropriate, moderate density residential developments such as townhouses, multifamily complexes, duplexes, and mixed-use residential buildings.

Response: The Multi-Family Community units will be located in ten three-story buildings, with an estimated 9.5 dwelling units per acre. The inclusion of the fifty (50) affordable units in the Multi-Family Community increases density to 12.1 dwelling units per acre.

H – 1.6 Promote the production of housing affordable for all incomes, through a mix of housing types, models, and densities throughout the City including: small lot single family detached, zero lot line, attached housing, accessory units, cluster housing, cottages, duplexes, townhouses, and apartments, as well as manufactured housing units, that are compatible with the neighborhoods in which they are located.

Response: The Project will include development of single-family manufactured homes and multi-family units, including affordable units.

H – 1.9 Require new multi-family or mixed-use projects involving 20 dwelling units or more to provide affordable dwelling units as part of the project.

Response: The Multi-Family community will include fifty (50) affordable housing units where rent/housing costs will be capped at eighty percent (80%) of the prevailing area median income for Kittitas County.

Goal H-2: A practical palette of options and incentives encourage sustainable and attractive affordable housing in new developments and historic property rehabilitations.

H – 2.2 Assist in and promote the development of innovative and affordable housing projects by exploring alternative design, land development, infrastructure, and construction techniques.

Response: The Project will include development of single-family manufactured homes and multi-family units, including affordable units. The Single-Family Community’s manufactured homes offer an alternative to traditionally constructed homes, providing quality home ownership opportunities at a more reasonable price.

Goal H-3: Residential neighborhoods contain necessary public amenities and support facilities that contribute to a high quality of life in Cle Elum.

H – 3.2 Support housing with appropriate amenities for individuals, families, and children.

Response: The Single-Family Community be developed with family friendly, resort-style amenities, such as a clubhouse with meeting space and workout facilities, a pool and patio deck, sports courts, a dog park, playground, and a trail network, all of which will be owned, maintained and managed by the owner of the lots within the Single-Family Community. All residents of the Single- and Multi-Family Communities will have the opportunity to enjoy the open space and trail network elements.

In addition, Sun’s predecessors donated 12 acres of land for a new Community Recreation Center, and Sun is contractually obligated to provide four million dollars (\$4,000,000.00) in funding for the construction Community Recreation Center (of which two million dollars has already been paid and the remaining two million dollars due and payable on December 31, 2025).

H – 3.5 Develop neighborhood amenities such as parks, trails, connections and open space that encourage and foster community and promote recognition of the historic sense of place which is Cle Elum.

Response: More than fifty percent (50%) of the Project area will remain open space, improved only with a trail network available for public use. Additionally, Sun will build public parks and trails throughout the Project, including a public trailhead park adjacent to the Community Recreation Center.

H – 3.11 Restrict the duration of stay at RV parks to prevent the establishment of permanent housing in areas without neighborhood amenities or appropriate infrastructure.

Response: The Recreational Resort will consist of 627 sites for nightly rental, along with many amenities and activities for guests. Sun’s rules will prohibit the establishment of residential occupancy on the site. The Recreational Resort is designed to support tourism and outdoor hospitality throughout the Upper Kittitas County area. As such, Sun anticipates most guests will use the Recreational Resort as a weekend destination with some choosing to stay for longer durations. Average length of stay is anticipated to be three nights per site, with a limited number of guests opting for seasonal stays.

e. Parks and Recreation Element

Goal PRO-1: Develop an outstanding parks, recreation and open space system in Cle Elum to meet the needs of a diverse community.

PRO - 1.1 Preserve a wide variety of lands for park, recreation, and open space purposes including, but not limited to: a. Natural areas and natural features with scenic or recreational value. b. Land that may provide public access to water bodies, trails, natural areas and parks. c. Lands that visually or physically connect natural areas or provide important linkages for recreation and wildlife habitat. d. Environmentally sensitive areas, including steep slopes, floodways, wetlands, stream corridors, and habitat.

Response: Over fifty percent (50%) of the Property will remain as open space in perpetuity to help preserve the natural features of Property (with particular care to facilitate public access to the areas adjacent to the Cle Elum River), to provide ample space for outdoor recreation activities for residents and nonresidents alike. This open space includes an extensive trail system for hikers, bikers, and equestrian users alike to enjoy the outdoors. In addition, a trailhead open to the public is being proposed next to the Community Recreation Center. The trailhead park will be designed to complement the Community Recreation Center and provide additional recreational opportunities for residents and guests of Cle Elum.

PRO - 1.2 Locate facilities and resources where they are easily accessible to the public.

Response: Community members can easily access the trail system at the proposed trailhead park next to the Community Recreation Center.

PRO - 1.7 Acquire and develop a system of parks, recreation, and open spaces that any resident can access by walking no more than 15-minutes from their home.

Response: The Project’s trail network and open space will be within 15 minutes walking distance for anyone within or in close proximity to the Single-Family Community, the Multi-Family Community, or the Recreational Resort.

Goal PRO-3: Work cooperatively with the State, Kittitas County, School District, Parks and Recreation District, and the community in parks planning, acquisition, and development.

PRO - 3.2 Require all new developments to contribute their fair share to parks, recreation, and open space. Contributions could either include land dedication or fees in lieu of land.

Response: The Project incorporates the construction of trails and parks designed to mitigate the impacts of the Project on the City's provision of parks, recreation, and open space. See Proposed Conditions 17-20, 30-35.

In addition, Sun's predecessors donated 12 acres of land for a new Community Recreation Center, and Sun is contractually obligated to provide four million dollars (\$4,000,000.00) in funding for the construction Community Recreation Center (of which two million dollars has already been paid and the remaining two million dollars due and payable on December 31, 2025

).

PRO - 3.4 Encourage the preservation and dedication of lands for parks, recreation, and open space through density incentives, trades, purchases of land, easements, or transfer of development rights.

Response: The Project includes a trailhead park adjacent to the Community Recreation Center and provides ample opportunity for outdoor recreation.

Goal PRO-4: Preserve and provide access to significant environmental features and lands where such access does not harm the functions associated with the feature.

PRO - 4.1 Identify and conserve critical wildlife habitat, foraging areas, and migration corridors within or adjacent to natural areas, open spaces, and developable urban lands.

Response: The Project will adhere to the City of Cle Elum critical areas ordinance and Shoreline Master Program regulations regarding avoidance and minimization of impacts, as well as buffer requirements and protection of fish and wildlife habitat conservation areas.

PRO - 4.2 Enhance habitat within parks, recreation, and open space lands by maintaining our healthy urban forest that provides food, shelter, and cover to wildlife.

Response: Over fifty percent (50%) of the Property will remain as open space in perpetuity to help preserve the natural features of Property (with particular care to facilitate public access to the areas adjacent to the Cle Elum River). In addition, care will be taken to save and build around as many existing trees as possible, while adding additional native species plants and trees to enhance the existing natural beauty of the area.

PRO - 4.3 Enhance habitat within environmentally sensitive areas by maintaining native vegetation.

Response: All of the areas of the Property classified as erosion, steep slope, and landslide hazard areas are outside of the areas proposed for development. These areas will remain undisturbed with their native vegetation intact.

PRO - 4.4 Preserve and protect significant environmental features including wetlands, open spaces, woodlands, shorelines, water fronts, and other features that support Cle Elum's wildlife and natural heritage.

Response: The Project will adhere to the City of Cle Elum critical areas ordinance and Shoreline Master Program regulations regarding avoidance and minimization of impacts, as well as buffer requirements and protection of fish and wildlife habitat conservation areas.

Goal PRO-5: Establish an open space pattern that will provide definition of and separation between developed lands, and provide open space linkages among parks and recreation resources.

PRO - 5.1 Define and conserve a system of open space corridors as urban buffers to provide definition between natural areas and urban land uses within Cle Elum.

Response: Over fifty percent (50%) of the Property will remain as open space in perpetuity to help preserve the natural features of Property (with particular care to facilitate public access to the areas adjacent to the Cle Elum River). The open space is located throughout the Project, and in part providing buffers between the Resort Site and Single-Family Community and between the Multi-Family Community and Commercial Center.

Goal PRO-6: Identify and protect significant recreation lands/opportunities before they are lost to development.

PRO - 6.1 Cooperate with developers, public agencies, and private land owners to protect land and resources for high-quality parks, recreation, and open space facilities before the most suitable sites and appropriate connections are lost to development.

Response: Over fifty percent (50%) of the Property will remain as open space in perpetuity to help preserve the natural features of Property (with particular care to facilitate public access to the areas adjacent to the Cle Elum River), to provide ample space for outdoor recreation for residents of the Single-Family Community, the Multi-Family Community, users of the Recreational Resort, and members of the public. The Project will serve as a seamless transition between the mountains and the City, maintaining Cle Elum’s identity as the heart of the Cascades.

2. Project Compliance with the Purposes and Objectives of the PMU District Zoning Ordinance

CEMC 17.45.090(A) provides three high-level criteria used to assess whether a proposed development within the PMU District zone complies with the “purposes and objectives” of CEMC Chapter 17.45(A). Those approval criteria, and the Project’s compliance therewith, are discussed in greater detail below:

Approval Criteria 1: The purposes and objectives of CEMC 17.45.010 and 17.45.020 specifically advanced by the proposal. CEMC 17.45.090(1)

Response: This standard is met. See Section IV(A)(1)(a)-(b) of this Narrative for discussion of compliance with CEMC 17.45.010. The Project will obtain mixed use approval under CEMC 17.45.020 as part of the discretionary land use approvals required for the Project.

Approval Criteria 2: Adequacy of the provisions for each of the following, where applicable. CEMC 17.45.090(2)

(a) Water supply

Response: The Proposed Conditions require Developer to ensure adequate water supply throughout each Phase of construction. All development will comply with State building code requirements related to water flow and water conservation measures found in the Code. Developer will provide its pro-rate share of the costs of any improvements to the City's water system required to serve each Phase of the Project. In addition, Sun has adequate water rights to serve the Project, and such water rights will be conveyed to the City when required to serve a specific phase of the Project.

(b) Wastewater treatment facilities

Response: The wastewater produced by the Project is not projected to exceed the capacity of the City's wastewater treatment plant. As such, the Environmental Documents do not suggest any mitigations related to wastewater treatment.

(c) Stormwater management

Response: The Environmental Documents suggest mitigations to account for the Project's impacts on stormwater systems. Stormwater management mitigations required for the Project are included in Proposed Conditions 46-50. Sheet C302 of the Site Plan Set depicts proposed stormwater elements. Utilities will be designed for approval by the City to maintain adequate levels of service on adjacent facilities.

(d) Power supply

Response: Adequate electric utility service for the Project will be provided by extension from existing facilities in the City by the service provider with franchise rights within the City (understood to be Puget Sound Energy).

(e) Schools

Response: The Proposed Conditions provide for adequate mitigation of impacts to schools, as memorialized in the Cle-Elum Roslyn School District—Sun Mitigation Agreement (Proposed Condition 69).

(f) Affordable housing

Response: The Proposed Conditions provide for adequate affordable housing mitigation, involving Sun's design and construction of a minimum of 150 multi-family residential dwelling units, to so remain for at least twenty years (Proposed Condition 12).

(g) Open space, natural areas, parks, recreation areas, or greens, commons or public assembly areas

Response: The Proposed Conditions provide for adequate mitigation of the above requirements including open space (Proposed Conditions 17-20) and parks and recreational areas (Proposed Conditions 30-35). Further, with regard to commons, greens, parks, and

public assembly areas, Together with Suncadia, Sun has donated 12 acres of land to the City for the construction of the Community Recreation Center as discussed above. As part of the Single- and Multi-Family Communities, Sun will build a clubhouse and pool along with other amenities such as sports courts and dog parks for use and enjoyment by its residents. Finally, there will be multiple spaces for activities and engagement built within the Recreational Resort.

(h) Municipal services and facilities

Response: The Project will utilize fire, police, and emergency response services that are mitigated for. Proposed Conditions 80-83. There will be no municipal facilities constructed in the Development. Instead, privately held facilities will connect to public facilities at the perimeter of the Property. Impacts to those public facilities will be properly mitigated, as explained in this Section.

(i) Fiscal impact guarantees

Response: Proposed Conditions 80-82 appropriately mitigate for the expected fiscal impacts of the Project.

(j) Transportation systems management

Response: Proposed Conditions 75-79 appropriately mitigate for the Project's transportation impacts, as identified in the Addendum.

Approval Criteria 3: Environmental impacts and mitigation, including but not limited to the following, where applicable. CEMC 17.45.090(3)

(a) Wetlands protection

Response: Proposed Conditions 39-44 adequately mitigate any negative impacts to wetlands on or near the site.

(b) Sensitive areas protection

Response: As stated in the FSEIS, the Project will adhere to the City of Cle Elum Critical Areas Ordinance and Shoreline Master Program regulations regarding avoidance and minimization of impacts, as well as buffer requirements and protection of fish and wildlife habitat conservation areas.

(c) Habitat protection

Response: Proposed Conditions 36-38 adequately mitigate for impacts to fish and wildlife habitat.

(d) Quiet and dark night sky

Response: The Proposed Conditions adequately mitigate for impacts to noise (Proposed Conditions 66-68) and lighting (Proposed Conditions 27-29).

(e) Water quality protection

Response: As explained in the FSEIS, water quality treatment will be provided for runoff from impervious road and parking surfaces. Treatment will be provided in one of several Ecology recommended treatment facility types. The Project's water demand is significantly less than that of the original Approved Plan.

(f) Air quality protection

Response: Proposed Conditions 58-61 adequately mitigate air quality impacts of the Property.

V. BOUNDARY LINE ADJUSTMENT APPLICATION

This Section V provides a comprehensive review of the Code provisions relevant to the City's consideration of the Boundary Line Adjustment application, less discussion of the application's submission requirements discussed in Section III(B) above.

A. Current Tax Parcel Composition & Rationale for Consolidation/Adjustment

As noted in Sections I(G) and III(B) of this Narrative, the Property is comprised of at least forty-one (41) Kittitas County Tax Parcels. Those parcels are not shaped or oriented in a way that is conducive to the development of the Project. As such, Sun desires to accomplish two goals with the Boundary Line Adjustment application. First, Sun desires to **consolidate** the numerous tax parcels comprising the Property into fewer tracts. Not only is consolidation efficient from an administration perspective for Sun, it is also required by Code. CEMC 14.10.040(C) states that in "cases where multiple lots, parcels, or tracts will all be used for one building site . . . the lots, parcels, or tracts shall be consolidated into one lot, parcel, or tract." Here, each use proposed within the Project (*e.g.*, open space, Recreational Resort, Single-Family Residential) will comprise a separate building site for which the underlying parcels should be consolidated pursuant to CEMC 14.10.040(C).

Second, Sun desires to **reconfigure** the tax parcels created by the lot consolidation process described above so that the remaining parcels divide the Property into tax parcels or tracts associated with each proposed use. Sheet C005 of the Site Plan Set depicts the desired configuration of the Property following the Boundary Line Adjustment.

Because lot consolidations are reviewed by the City using the same process as a boundary line adjustment, Sun proposes accomplishing both the consolidation and the reconfiguration of the tax parcels comprising the Property through one Boundary Line Adjustment application. See CEMC 14.10.040(C). Conceptually, the existing tax parcels will be consolidated first and then immediately reconfigured to reflect the eight Resultant Parcels depicted on Sheet C005.

B. Compliance with BLA Decision Criteria | CEMC 16.40.040

CEMC 16.40.040 sets forth broad and simplistic decision criteria for proposed Boundary Line Adjustments. Put simply, the City must approve a Boundary Line Adjustment application so long as “the subject parcels are existing legal lots of record and the proposed adjustment is consistent with the minimum lot size requirements of the zoning ordinance.” In addition, the Boundary Line Adjustment must not cause the violation of any ordinance standards such as setbacks, maximum lot coverage or density.”

Here, the existing tax parcels comprising the Property are legal lots of record recognized by Kittitas County. The requirement that the parcels created by the boundary line adjustment meet minimum lot size requirements imposed by the CEMC Title 17 is also met. The Property, and its Resultant Parcels following the Boundary Line Adjustment, is located in the PMU District zone. CEMC 17.45, which governs development in the PMU District zone, does not prescribe specific lot size requirements, likely because it is the intent of the PMU District zone to permit development proposals that are “not constrained by fixed development standards.” CEMC 17.45.060(A). Accordingly, any proposed lot size, so long as it complies with the purposes and objectives of the PMU District Zone may be approved. As discussed in Section IV(A), the proposed Project is consistent with the purposes and objectives of the PMU District zone.

VI. PRELIMINARY SUBDIVISION APPLICATION

This Section VI provides a comprehensive review of the Code provisions relevant to the City’s consideration of the Preliminary Subdivision Application, less discussion of the application’s submission requirements discussed in Section III(C) above. As discussed in Sections I(G) and V(A) above, the proposed Boundary Line Adjustment will separate the Property into several parcels that correspond with the lateral boundaries of certain uses proposed within the Project (*e.g.*, Commercial Center Parcel, Recreational Resort Parcel, and Single-Family Residential Parcel). For the Single-Family Residential Parcel, Sun desires to subdivide the Single-Family Residential Parcel into 527 lots pursuant to the Preliminary Subdivision Application.

Although residential uses within the PMU District zone are not necessarily subject to CEMC 17.16.010(A)’s “one single-family dwelling per legal lot of record (including manufactured homes)” restriction, Sun submits the Preliminary Subdivision Application so that the Single-Family Community component of the Project aligns with required practices for development in the City’s other residential zones to the maximum extent practicable.

A. Compliance with Subdivision Development Standards (CEMC 16.12A.060)

The preliminary subdivision of the Single-Family Residential Parcel will comply with all development standards described in CEMC 16.12A.060(A)-(B), either currently or by delivery of appropriate documentation provided to the City with its Phase Plans (as defined in the Amended and Restated Development Agreement) necessary to build each phase of the Single-Family Community. Sun will not comply with CEMC 16.12A.060(C)’s requirement that the subdivided property be served by public streets (because streets within the Project are designed to be privately owned and maintained), but the remaining standards CEMC 16.12A.060(C) will be complied except to the extent that those standards diverge from the proposed Development Standards.

With regard to CEMC 16.12A.060(D)-(F), Sun requests relief from these requirements because it does not propose the development of any City-owned public works within the Project—including the Single-Family Community Parcel. CEMC 16.12A.060(D) requires the construction of several public improvements as a part of any preliminary subdivision considered and reviewed by the City, including but not limited to curbs, sidewalks, streets, sewers, and water mains (the “Plat Improvements”). As noted in Section I, Sun proposes private ownership of all public works within the Property, including the Plat Improvements. Sun will construct all Plat Improvements in accordance with all generally applicable City standards or specifications established by the CEMC or adopted by the City’s public works director, but it does not propose dedication of any of the Plat Improvements as a condition of final subdivision approval. Because all Plat Improvements will be privately owned in perpetuity, the provisions of CEMC 16.12A.060(E)-(F) are inapplicable.

Finally, with regard to CEMC 16.12A.060(G), the to-be-created Single Family Residential Parcel is vacant, unimproved, and there are no known public improvements located therein, so CEMC 16.12A.060(G) inapplicable as well. Sun agrees to any inspection required by CEMC 16.12A.060(H) necessary to ensure that the Plat Improvements are completed in conformance with any approved plans and standards. To the extent the City requires as-built drawings for the Plat Improvements pursuant to CEMC 16.12A.060(I), Sun will provide said drawings to the City upon the City’s request.

B. Compliance with Preliminary Subdivision Approval Criteria (CEMC 16.12A.050)

CEMC 16.12A.050(A)-(K) sets forth eleven (11) approval criteria for any proposed preliminary subdivision in the City. The proposed subdivision of the Single-Family Residential Parcel comports with all required the approval criteria, as further discussed below.

P-Plat Approval Criteria 1: The preliminary plat is in the public interest;

Response: The CEMC does not expound the meaning of the term “in the public interest.” However, the proposed subdivision of the Single-Family Residential Parcel is subjectively “in the public interest” because it will provide 527 additional lots for single-family housing within the City and will enable the responsible growth of the City while simultaneously preserving the City’s traditional small town, mountain character.

P-Plat Approval Criteria 2: The subject preliminary plat is consistent with the comprehensive plan;

Response: The proposed P-Plat, along with the remainder of the proposed Project, is consistent with the City’s Comprehensive Plan, as specifically described in Section IV(C)(1) of this Narrative.

P-Plat Approval Criteria 3: The preliminary plat shall conform to the applicable requirements of the zoning district in which it is located including but not limited to requirements for area, dimensions, use and density;

Response: The proposed P-Plat conforms with all requirements for development within the PMU District zone, as more particularly described in Section IV(A)(1) of this Narrative.

P-Plat Approval Criteria 4: The preliminary plat conforms to the applicable standards in Chapter 18.01, Maintenance, Enhancement and Preservation of Critical Areas of this code;

Response: The proposed P-Plat conforms with the requirements of CEMC Ch. 18.01 (Critical Areas). The Single-Family Residential Parcel includes geographically hazardous areas (steep slopes), and the proposed P-Plat does not propose the construction of any lot or Plat Improvement within any geologically hazardous area.

P-Plat Approval Criteria 5: For those preliminary plats located within a designated floodplain, conformance with the applicable requirements of CEMC Chapter 15.24;

Response: No portion of the proposed P-Plat is located within a designated floodplain.

P-Plat Approval Criteria 6: The preliminary plat includes appropriate provisions for public, health, safety and welfare, for open spaces, drainage ways, streets or roads, alleys, other public ways including trails, transit stops, potable water, sanitary waste disposal, parks and recreation, playgrounds, schools, sidewalks and safe walking conditions for those students who will only walk to school;

Response: The proposed P-Plat, as a component of the Project, provides adequate provisions for public health, safety, and welfare, as well as the items more particularly described in CEMC 16.12A.050(F), as more particularly described in Section IV(A) of this Narrative.

P-Plat Approval Criteria 7: The preliminary plat conforms or can conform to adopted standards for the construction of all public facilities including streets, sidewalks, stormwater control, sewer systems, water systems and street lighting;

Response: Any Plat Improvement required by CEMC 16.12A.060(D) will conform to all development standards set forth in CEMC 16.12A.060.

P-Plat Approval Criteria 8: Every proposed lot, tract or area in the preliminary plat has an approved access to a public right-of-way;

Response: All lots within the proposed P-Plat will have access to both Bullfrog Road and SR-903, as depicted on Sheet C004 of the Site Plan Set.

P-Plat Approval Criteria 9: The proposed preliminary plat conforms to the established design requirements;

Response: The proposed P-Plat comports will all design requirements described in CEMC 16.12A.060(A).

P-Plat Approval Criteria 10: The proposed preliminary plat will not cause the level of service of public facilities or services to drop below established limits;

Response: The proposed P-Plat, as a component of the Project, will not result in any unmitigated impacts to public facilities or services.

P-Plat Approval Criteria 11: The proposed preliminary plat is consistent with any other applicable city regulations, and development or other agreements specific to the subject property.

Response: The proposed P-Plat is consistent with the requirements of the CEMC, the 2002 DA, and the proposed Amended and Restated Development Agreement.

VII. AMENDED AND RESTATED DEVELOPMENT AGREEMENT

This Section VII provides a comprehensive review of the Code provisions relevant to the City's consideration of the proposed Amended and Restated Development Agreement.

A. Background of the 2002 DA

As described in Section II(A) above, the City and Trendwest entered into the 2002 DA before the City completed the annexation of the Property into the City (as permitted by CEMC 36.70B.170(1)). Trendwest and the City used the 2002 DA to agree to form of the discretionary land use approval required to build Trendwest's proposed project. Put another way, the City pre-approved the Approved Plan when it inserted it into the 2002 DA. *See* 2002 DA at §2. The land use approvals for Trendwest's proposed project were memorialized in the 2002 DA because the Property had not yet been annexed into the City and, thus, the City could not officially give its legal approval to the development of the Property proposed by Trendwest.

However, following the Property's annexation, the City had full legal authority to approve the development of Trendwest's proposed project pursuant to the MSP and the Conditions of Approval attached to the 2002 DA as Attachment B. When the City formally approved the development of Trendwest's proposed project in 2003,⁵⁰ that approval had the effect of removing Attachment B from the 2002 DA because the MSP and the Conditions of Approval now stood as the legal authority authorizing development of Trendwest's proposed project.

Despite the removal of the land use approvals for Trendwest's project from the 2002 DA pursuant to the City Council's adoption of the Approved Plan, the 2002 DA remained a vital component of Trendwest's, Suncadia's, New Suncadia's, and now, Sun's, ability to develop the Property pursuant to the Approved Plan. The 2002 DA includes provisions related to vesting, phasing, streamlined SEPA review, and fiscal impact mitigation that all remain valid should Sun desire to proceed with construction of the MSP and Conditions of Approval approved in 2003. The 2002 DA, however, does not comport with Sun's desire plan for development reflected in the Major Modification Application. Accordingly, if the City approves the Major Modification Application without a corresponding approval of an Amended and Restated Development Agreement concurrent therewith, Sun will have the option of terminating the 2002 DA (as authorized under Section 10.5.1 of the 2002 DA) and may proceed with development of its Project without a Development Agreement. That, however, is a negative outcome for both the City and

⁵⁰ *See* fn. 36, *supra*.

Sun as further discussed in Subsection VII(C) below and should be avoided given the added complexity of implementing the Project from the City’s and Sun’s perspectives.

B. Legal Authority for Development Agreements

RCW 36.70B.170–210 (the “Development agreement Statute”) authorize local governments in the State of Washington to enter into development agreements with any owner of real property within its jurisdiction. RCW 36.70B.170(1). Development agreements are intended to set forth the development standards (as defined in RCW 36.70B.170(3)) that will govern the development and use of the property subject to the development agreement. *Id.* Development agreements are time limited, may only be enforced during their terms, and are binding on the successors of the parties thereto. RCW 36.70B.180–190.

CEMC 14.10.080 provides the legal authority for the City to enter into development Agreements. CEMC 14.10.080(A) sets forth five general requirements for any development agreement entered into by the City, and CEMC 14.10.080(B) sets forth three minimum standards that each development agreement signed by the City must meet. The proposed Amended and Restated Development Agreement comports with those general requirements and minimum standards expounded in CEMC 14.10.080(A)-(B), as further described below.

1. The Proposed Amended and Restated Development Agreement Complies with CEMC 14.10.080(A)’s General Requirements

General Requirement 1: A development agreement is an optional means, within the legislative discretion of the city council, to facilitate development of a limited geographical area.

Response: The 2002 DA, as is the case with the proposed Amended and Restated Development Agreement, are both voluntary, contractual agreements. Neither Sun, nor the City, are compelled to enter into these agreements by any provision of the CEMC or applicable state law.

General Requirement 2: The city and the property owner(s) must be party to the development agreement. The county, special service districts, school districts, utilities, contract purchasers, lenders, and third-party beneficiaries may be considered for inclusion in the development agreement.

Response: The City and Sun will be the only parties to the Amended and Restated Development Agreement.

General Requirement 3: A development agreement shall establish the standards that are applicable to the development and other conditions that control the development, use, and mitigation of the property subject to the development agreement.

Response: The PMU District zone authorizes “development proposals not constrained by fixed development standards” and invites project proponents to pursue development standards that deviate from those applicable in other zones so long as the proposed standards “advance the achievement of the stated purposes and objectives of the PMU

district.” CEMC 17.45.060(A). As such, many of the standards governing the uses proposed for Project (and the mitigations required by the Project) are included in the Major Modification Application itself and are not covered in the proposed Amended and Restated Development Agreement. Nevertheless, the proposed Amended and Restated Development Agreement contains important standards governing Project vesting, phasing, and streamlined SEPA review for Subsequent Approvals (as that term is defined in the proposed Amended and Restated Development Agreement).

General Requirement 4: A development agreement can be entered into before, concurrent with, or following approval of the project permits for development of the property.

Response: Sun proposes that the City enter into the proposed Amended and Restated Development Agreement concurrent with the approval of the Major Modification Application.

General Requirement 5: The development agreement application and applicable development agreement and mitigation fees shall be as set forth by resolution of the city council.

Response: Sun will include the Base Fee for a Development Agreement (as set forth in the current iteration of the City of Cle Elum Fee Schedule (2022)) when submitting the Major Modification Application. Additionally, Sun will remit, as necessary, any conditional fees (*i.e.*, staff time and recording fees) reasonably required by the City to process and review the proposed Amended and Restated Development Agreement. Any fees required to mitigate the reasonably foreseeable environmental impacts of the Project will be imposed pursuant to the Proposed Conditions.

2. The Proposed Amended and Restated Development Agreement Complies with CEMC 14.10.080(B)’s Minimum Standards

Minimum Standard 1: Development agreements shall include the following types of development controls, standards, and conditions:

- a. Limits on density, permitted uses, residential densities, commercial floor area or acreage limitations, and/or building sizes;***
- b. Mitigation measures identified through the environmental review process and/or critical area regulations;***
- c. Design standards for buildings and other improvements including height, setbacks, architecture, landscaping, and site design;***
- d. Parks and open space preservation and/or dedication; and***
- e. Other appropriate requirements.***

Response: The Proposed Development Standards governing the Project are accounted for in the Major Modification Application, either as restrictions on the Site Plan Set (maximum densities, permitted uses, open space minimums etc.), the Proposed Conditions (mitigation measures), or in the Proposed Development Standards included as a component of the Major Modification Application that are intended to restrict and guide the development of the Project (building design standards including height/bulk/scale deviations from Code requirements). As such these sorts of development controls do not need to be included in the proposed Amended and Restated Development Agreement because they will be imposed by other, legally binding means.

Minimum Standard 2: Controls, standards, and conditions may be established by referencing the applicable sections of the Cle Elum Municipal Code. By the terms of a development agreement, the city council may vary or deviate from the otherwise applicable sections of the Cle Elum Municipal Code.

Response: Minimum Standards 2 is not necessarily applicable with regard to the proposed Amended and Restated Development Agreement, as there are no significant references to the CEMC’s “controls, standards, and conditions” therein.

Minimum Standard 3: Development agreements must specify a termination date for the agreement, establish a vesting period and specify the regulations that the development will vest to, and reserve the authority for the city of Cle Elum to impose new or different regulations and conditions to the extent required by a serious threat to public health and safety or the environment.

Response: The proposed Amended and Restated Development Agreement establishes a fifteen-year vesting period.

C. Updates to the 2002 DA Included in the Proposed Amended and Restated Development Agreement

The proposed Amended and Restated Development Agreement largely follows the format and substance of the 2002 DA, updated to reflect the facts and plan of development underlying Sun’s proposed Project. However, the proposed Amended and Restated Development Agreement differs from the 2002 DA in a few important ways.

First, provisions related to Sun’s obligation to provide affordable housing as a part of the Project were removed from the Conditions and placed in the proposed Amended and Restated Development Agreement; this accords with the City’s treatment of affordable housing required for the City Heights development—a project also developed in the PMU District zone.

Second, the proposed Amended and Restated Development Agreement updates the 2002 DA to provide additional funding to the City, above and beyond any impact mitigation payment required by the Proposed Conditions, to cover Sun’s proportionate share of the cost of providing adequate public services for the Project. The new payments included in the proposed Amended and Restated Development Agreement are intended to bolster City’s police and fire department budgets and provide immediately available cash based on certain Project development thresholds.

D. Compliance with Development Agreement Decision Criteria

Unlike the suite of applications comprising the Major Modification Application, there are no published “decision criteria” for the proposed Amended and Restated Development Agreement. So long as the proposed Development Agreement complies with the requirements of CEMC 14.10.080(A)-(B) and the Development Agreement Statute, the City is not bound by any fixed standard governing the terms on which it will enter a development agreement. The proposed Amended and Restated Development Agreement is simply a bilateral contract in which both parties receive benefits and incur obligations according to its terms. It is up to the City and Sun to negotiate contract terms that are mutually agreeable.

EXHIBIT A
2002 DEVELOPMENT AGREEMENT

See Attached

EXHIBIT B

CITY OF CLE ELUM ORDINANCE 1267

See Attached