

COSTCO WHOLESALE CORPORATION

Precise Implementation Plan



Verona Technology Park

Verona, WI

January 28, 2021

**PROPOSED COSTCO WHOLESALE
VERONA TECHNOLOGY PARK, VERONA, WI**

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PROPOSED COSTCO WHOLESALE

VERONA TECHNOLOGY PARK, VERONA, WI

1.0 Property Owner and Project Team

Property Owner:	Anorev LLC 2248 Deming Way, Suite 200 Middleton, WI 53562
Contract Purchaser:	Costco Wholesale Corporation 999 Lake Drive Issaquah, WA 98027
Real Estate Consultant:	Brian Whelan Senior Vice President Northwest Atlantic 2311 W. 22 nd Street, Suite 208 Oak Brook, IL 60523
Development Manager:	Stephen Cross President Cross Engineering & Associates, Inc. 1955 Raymond Drive, Suite 119 Northbrook, IL 60062
Architect:	Risa Yuki Principal MG2 1101 Second Avenue, Suite 100 Seattle, WA 98101
Engineer, Surveyor And Traffic Consultant:	Brent Pitcher, PE Vice President, Principal Graef 275 West Wisconsin Avenue, Suite 300 Milwaukee, WI 53203

PROPOSED COSTCO WHOLESALE

VERONA TECHNOLOGY PARK, VERONA, WI

2.0 Introduction and Subject Property

Costco Wholesale Corporation (Costco) began operations in 1983 in Seattle, Washington. In October 1993, Costco merged with The Price Company, which pioneered the membership warehouse concept in 1976. In January 1997, after the spin-off of most of its non-warehouse assets to Price Enterprises, Inc., the Company changed its name to Costco Wholesale Corporation, which trades under the NASDAQ symbol "COST".

Costco originated the warehouse club concept in 1976 and continues to be an industry leader in terms of service, quality, value, and innovation. Costco has grown to become, in terms of sales, the third largest Global retailer and the largest operator of membership clubs worldwide.

Costco has two existing warehouses within the Madison area. The closest facility is in the City of Middleton, approximately 8 miles north of the City of Verona. The other facility is in the City of Sun Prairie, approximately 20 miles northeast of the City of Verona. Currently, approximately 45% of all households in Verona have a Costco membership and travel outside of the community to shop at one of the other Madison area locations.

Costco has entered into an agreement to purchase Lots 1 through 8, 11 through 15, and part of Lot 16 of the Verona Technology Park, located at the northeast corner of the intersection of County Highway PB and American Way, in order to develop a members only warehouse retail store and free standing fueling facility (*see Exhibit A - Location Map, and Exhibit B - Aerial Photo*). The Verona Technology Park was platted, and the park infrastructure was constructed in 2004. Underground utilities have been installed along the John P Livesey Boulevard right-of-way between American Way and Thousand Oaks Trail that runs between the subject lots, however, the final grading, curb and gutter, pavement, sidewalk and street lights have not been installed. The subject lots were graded as part of the park improvements, and stormwater detention is provided within the existing stormwater management facility located on the south side of American Way.

To construct the Costco warehouse and fueling facility as approved in the submitted General Development Plan, a portion of the John P Livesey Boulevard right-of-way

(ROW) needed to be vacated. Included in the General Development Plan submittal was a preliminary Plat of Vacation and Certified Survey Map (CSM), prepared by the developer's engineer. The portion of John P. Livesey Boulevard remaining west of Thousand Oaks Trail was renamed "Batker Court". The proposed lots to be purchased by Costco and developed as provided within the enclosed Precise Implementation Plans are Lots 1, 2, 3 and 4 of the submitted CSM, and Lot 2 of the Verona Technology Park. The vacated ROW was included in the proposed Costco development Lot 1 area as shown in the CSM. The Costco warehouse and fuel facility will be developed on Lot 1 of the CSM, with the remaining lots as platted outlots for future commercial uses. The combined lot area of all the Costco lots is 23.78 acres. As part of the Costco project, Costco will construct the public roadway within the remaining John P Livesey Boulevard ROW, to be renamed Batker Court to serve the Costco development project and the four outlots.

The Costco warehouse and fueling facility would utilize approximately 17.82 acres of the 23.78 acre property purchase, with four (4) outlots totaling approximately 5.96 acres for future sale and development.

The existing zoning is Suburban Commercial, which would allow for the proposed Costco warehouse and ancillary uses. However, due to the size of the development, a Planned Unit Development overlay is required.

3.0 Precise Implementation Plan Proposal

The goal of the proposed Precise Implementation Plan is to develop the vacant parcels with a Costco warehouse and free-standing fueling facility. The proposed Costco building will be approximately 160,529 sf, and the overall site plan will provide for approximately 773 parking stalls. (*See Exhibit E – Site Plan, Exhibit F – Site Context Plan with Aerial Overlay*) The parking count will provide a ratio of 4.82 stalls per 1,000 sf of building area, which provides ample parking based on Costco's anticipated initial member use.

The property will be accessed from County Road PB and American Way at the southwest corner of the development and County Trunk Highway M and Thousand Oaks Trail on the east side. Both access points have excellent access to the adjacent highways, as well as access to US 18/151. Four access driveways have been designed to provide multiple locations to enter and exit the Costco site. Parking has been efficiently distributed around the south and west sides of the warehouse to maximize the convenient parking spaces proximate to the customer entrance and exit located at the southwest corner of the building.

A large heritage oak tree is located near the northwest corner of the property near the intersection of County Road PB and County Trunk Highway M. The site plan has been designed to protect this tree.

Architecture:

The proposed warehouse design is a timeless solution utilizing a mixture of modern, traditional, and sustainable materials in a warm color palette of browns and beige. Horizontal and vertical articulation are achieved through color, texture, and material distribution along the facades. Materials used include high quality, recycled, architectural metal panels, structural brick, integral color split-face concrete masonry units and cultured stone veneer. The warehouse entry is a focal point to the site and incorporates pedestrian scaled detailing and the use of glass. Enhanced landscaping along the north façade will compliment this elevation providing depth, softening and visual interest. The fueling facility design takes cues from the warehouse and incorporates similar materials, colors and textures creating a visual connection. (See Exhibit J – Warehouse Floor Plan, Exhibit K – Warehouse Elevations & Signage, Exhibit L – Warehouse Concept Building Perspectives, Exhibit M – Fueling Facility Elevations & Signage, Exhibit N – Site Sections)

Sustainable Design: Awareness and responsibility to design, construct and operate Costco sites and buildings into an energy-efficient, sustainable, and environmentally responsible manner are embedded into the Costco program. This includes, but are not limited to:

- The building structure steel system and architectural metal panels are comprised of 80% recycled content with the associated batt insulation comprised of greater than 50% of recycled content.
- The roof maintains reflectance, emittance and SRI rates that lessen heat gain and the premanufactured building system provides erection efficiency reducing impacts to the carbon footprint.
- Landscaping exceeds minimum requirements and had been designed to create a high impact and beautiful landscape through larger caliper trees, native vegetation, and drought tolerant species, which in turn minimize irrigation needs.
- All site and building lighting systems utilize LED Technology.
- Implementation of the APANA water management system drive operational efficiency to lower wastewater and sewer use.

The fueling facility will initially provide three islands with 18 pumping locations (9 dispensers). It has been planned to allow for a future expansion to extend the islands in order to add three more dispensers (one per island) that will provide an additional 6 pumping locations. In the ultimate configuration, the fueling facility could provide a total of 24 pumping locations.

The fuel facility placement within the Costco site has been designed to provide access from the internal driveways, Batker Court or via American Way. It is anticipated that 50-60% of the members visiting the warehouse will also purchase gasoline during the same site visit.

Renewable Energy Installation:

Costco is also proposing to install a solar panel system on the fueling facility canopy. The installation of this feature is projected to provide the electricity required for the fuel under canopy lighting as well as one Electrical Vehicle charging station (serving two vehicles) located just east of the fueling facility.

Traffic/Roadway Improvements:

The subject properties were initially included in a Traffic Impact Analysis (TIA) for the Liberty Business Park and Verona Technology Park dated October 2017 and prepared by AECOM on behalf of the City of Verona. Costco's consultant, Graef, completed a Costco-specific TIA that was provided to City staff for review and comment. Consequently our team worked closely with City staff to develop a list of roadway improvements that are needed within the Technology Park as a result of the Costco project, and the roadway improvements outside Technology Park that are needed, due primarily to existing background traffic.

Based on the Graef TIA and staff discussions the following improvements have been identified for the development to support not only Costco, but also the general community. (*See Exhibit E - Site Plan*) The extent of these improvements is summarized as follows:

Costco Roadway Improvements (within Verona Technology Park):

- Provide an Eastbound left turn lane at American Way onto Batker Court.
- Provide a southbound right turn lane at Thousand Oaks Trail into the Costco site and median modifications at Thousand Oaks Trail.
- Provide right-of-way for a future westbound right turn lane at American Way onto County Highway PB and re-stripe west end of American Way.
- Construct Batker Court (formerly known as John P Livesey Boulevard).

(See Exhibit O – Off-site Improvements)

Roadway Improvements (outside Verona Technology Park to be improved by others):

- County Road PB/County Trunk Highway M Intersection upgrades with dedicated left turn lanes and signals.
- County Road PB and eastbound US 151 off ramp traffic signal and turn lane improvements.
- Traffic signal modifications to County Road PB and westbound US 151 off ramp.

Construction of these improvements will be addressed by the City, property seller and DOT with an anticipated completion timeline for the fall of 2022. *(See Exhibit O – Off Site Roadway Improvements)*

Additional public improvements that will be completed by Costco as part of this development includes the construction of the Batker Court roadway, as well as relocation or removal of any public utilities that are within the ROW to be vacated. Utilities to service the project have already been extended to the property, and our research indicates they provide adequate capacity for the proposed Costco development, as well as the four remaining outlots.

Stormwater management facilities constructed on the south side of American Way as part of the overall Verona Technology Park improvements provide the required stormwater detention. *(See Attachment 3 - Stormwater Management Plan)* The proposed on-site infiltration facilities for best management practices are being provided for the development of the Costco Parcel.

Operations:

In addition to the floor merchandise, the warehouse also provides other specialty department and services such as bakery, tire center, pharmacy, optical and hearing aid departments.

The loading dock is located at the southeast corner of the building, adjacent to Thousand Oaks Trail. Apart from local vendors/suppliers and delivery services such as UPS or Fedex, all deliveries to the warehouse are controlled by Costco. Most deliveries are completed during the morning hours, prior to the warehouse opening.

The anticipated warehouse and fueling facility operation hours are as follows:

<u>Days</u>	<u>Warehouse</u>	<u>Fuel</u>
Monday-Friday	10:00 am - 8:30 pm	6:00 am - 9:00 pm
Saturday	9:30 am - 6:00 pm	7:00 am - 7:00 pm
Sunday	10:00 am - 6:00 pm	7:00 am - 7:00 pm

It is anticipated that the Costco Warehouse opening will coincide with the roadway improvements that are being constructed outside the Technology Park. Based on initial feedback from City staff, it is anticipated that these improvements will be complete in the fall of 2022.

Employees:

Costco takes pride in their employees and provides an excellent benefit package that includes, yet not limited to: medical, dental, vision, pharmacy, life insurance disability, long term care, employee stock purchase program, paid holidays, college student retention program, 401(k). Part-time employees working more than 23 hours per week are also eligible for core benefits (medical, dental and vacation benefits) after 6 months of employment. Currently, 91% of U.S. employees are eligible for the above benefits. On a local level, Costco recruits primarily within the community where it is located, and their objective is to hire promotable employees who have a desire to build a career. A typical warehouse employs upon opening approximately 150 to 200 employees with the ratio of part-time/full-time of 50% each. Costco pays among the highest hourly wages in the industry. Due to their philosophy that Costco's employees are just as important as their customer, they experience a low turnover rate with only 13% within the first year and only 7% turnover after one year.