

RESOLUTION NO. 679

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GIG HARBOR,
WASHINGTON, AUTHORIZING THE EXECUTION OF A CONSTRUCTION
AGREEMENT WITH FRANCISCAN HEALTH SYSTEM.**

WHEREAS, by Ordinance No. 1051, the City approved the FHS Comp Plan Amendment, subject to and conditioned upon execution of a Development Agreement (hereinafter the "FHS Development Agreement") which described certain Transportation Mitigation to be performed by FHS); and

WHEREAS, the City applied to the State of Washington Department of Community Economic Revitalization Board ("CERB") for a grant of Five Million Dollars (\$5,000,000.00), to be used for the construction of transportation improvements relating to infrastructure improvements to roadway structures connected to the Burnham/Borgen Interchange, which is adjacent to the City of Gig Harbor; and

WHEREAS, the City will not know whether it has been awarded the CERB grant until 2007 or thereabouts; and

WHEREAS, the inquiry performed by the City at this time as to the improvements likely to be covered by the CERB Grant disclosed that the Grant will not include any transportation improvements proposed within unincorporated Pierce County and WSDOT right-of-way; and

WHEREAS, the Transportation Mitigation that FHS is required to perform is within the City limits, unincorporated Pierce County and WSDOT right-of-way; and

WHEREAS, the parties desire to address the means by which the FHS Transportation Mitigation will be performed, if the CERB Grant is received by the City because the CERB Grant will require compliance with all public works procedures; and

WHEREAS, the parties also desire to address the means by which the FHS Transportation Mitigation will be designed, because the design work must proceed immediately (before the parties have knowledge whether the CERB grant has been received); and

WHEREAS, the parties agreed to enter into a contract to address these issues, and to allow the Council to still make the necessary legislative, discretionary decisions regarding the subject matter at the time the City learns whether it will receive the CERB Grant; and

WHEREAS, on July 10, 2006, the City Council held a public hearing on the Comprehensive Plan Amendment and Development Agreement during a regular public meeting and also voted to approve the Construction Agreement attached hereto as Exhibit B; Now, Therefore,

THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. The City Council hereby authorizes the Mayor to execute the Construction Agreement attached hereto as Exhibit B, with the applicant Franciscan Health System.

PASSED by the City Council this 24th day of July 2006.

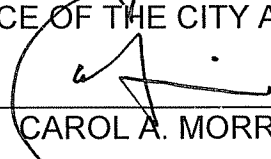
APPROVED:


MAYOR, CHARLES L. HUNTER

ATTEST/AUTHENTICATED:


CITY CLERK, MOLLY M. TOWSLEE

APPROVED AS TO FORM;
OFFICE OF THE CITY ATTORNEY:

BY: 
CAROL A. MORRIS

FILED WITH THE CITY CLERK: 07/20/06
PASSED BY THE CITY COUNCIL: 07/24/06
RESOLUTION NO. 679

**AGREEMENT
BY AND BETWEEN THE CITY OF GIG HARBOR
AND FRANCISCAN HEALTH SYSTEM,
FOR CONSTRUCTION OF TRANSPORTATION IMPROVEMENTS**

THIS AGREEMENT is made and entered into this 29 day of August, 2006, by and between the City of Gig Harbor, a noncharter, optional code Washington municipal corporation, hereinafter the "City," and Franciscan Health System, a nonprofit corporation organized under the laws of the State of Washington, hereinafter the "Developer," or "FHS."

RECITALS

WHEREAS, by Ordinance No.1051, the City approved the FHS Comp Plan Amendment, subject to and conditioned upon execution of a Development Agreement (hereinafter the "FHS Development Agreement") which described certain transportation mitigation to be performed by FHS (the "Transportation Mitigation"); and

WHEREAS, the City applied to the State of Washington Department of Community Economic Revitalization Board for a grant of Five Million Dollars (\$5,000,000.00) (the "CERB Grant"), to be used for the construction of that portion of the Transportation Mitigation relating to infrastructure improvements to roadway structures connected to the Burnham/Borgen Interchange, which is adjacent to the City of Gig Harbor; and

WHEREAS, the City will not know whether it has been awarded the CERB Grant until 2007 legislative session or thereabouts; and

WHEREAS, the inquiry performed by the City at this time as to the improvements likely to be covered by the CERB Grant disclosed that the Grant may not include all of the Transportation Mitigation proposed within unincorporated Pierce County and WSDOT right-of-way; and

WHEREAS, the Transportation Mitigation that FHS is required to perform is within the City limits, unincorporated Pierce County and WSDOT right-of-way; and

WHEREAS, the parties desire to address the means by which the FHS Transportation Mitigation will be performed, if the CERB Grant is received by the City and the City believes it to be cost effective and efficient to construct any portion of the Transportation Mitigation; and

WHEREAS, the parties also desire to address the means by which the FHS Transportation Mitigation will be designed, because the design work must proceed

immediately (before the parties have knowledge whether the CERB Grant has been received);

Now, therefore, the parties hereto agree as follows:

General Provisions

Section 1. The FHS Transportation Mitigation. The FHS Transportation Mitigation is described in Exhibit A, attached hereto and incorporated herein by this reference. A map showing the location of the Transportation Mitigation is attached hereto as Exhibit B and incorporated herein by this reference.

Section 2. Definitions. As used in this Agreement, the following terms, phrases and words shall have the meanings and be interpreted as set forth in this Section.

a) "Certificate of Occupancy" means either a certificate issued after inspections by the City authorizing a person(s) in possession of property to dwell or otherwise use a specified building or dwelling unit, or the final inspection if a formal certificate is not issued.

b) "Construction Management" means on-site construction management pertaining to the coordination of separate contracts, phased construction, monitoring of individual phases of the work, adjustment of the work to accommodate changed conditions or unanticipated interferences, determination of whether materials and workmanship are in conformance with the approved contract drawings and specifications, arrangement for the performance of necessary field and laboratory tests, preparation of change orders, and review of progress payments.

c) "FHS Project" means the anticipated development of an 80-bed hospital of approximately 213,000 square feet and an associated medical office building of approximately 100,000 square feet, and parking facilities for the hospital and medical office building on the 37.84 acre parcel on the east side of Canterwood Boulevard N.W., about 1,500 feet north of Borgen Boulevard in Gig Harbor, Washington, having a street address of 11567 Canterwood Boulevard N.W. (the "FHS Property").

d) "Project Manager" means the contract person responsible for performing the Construction Management.

Section 3. Exhibits. Exhibits to this Agreement are as follows:

- a) Exhibit A - FHS Transportation Mitigation.
- b) Exhibit B - Map showing approved FHS Transportation Mitigation.

Section 4. Parties to Agreement. The parties to this Agreement are:

a) The “City” is the City of Gig Harbor, 3510 Grandview Street, Gig Harbor, WA 98335.

b) The “Developer” or “FHS” is the Franciscan Health System, which owns the FHS Property in fee, and whose principal office is located at 1717 South “J” Street, Tacoma, WA 98405; Attn: Laure Nichols, Sr. Vice President of Strategic Planning.

Section 5. Developer’s Obligation to Construct Transportation Mitigation Improvements. The Developer is obligated to install and complete the Transportation Mitigation improvements identified in Exhibits A and B at its own cost, and to assure final completion prior to the time a Certificate of Occupancy is requested by the Developer. At the time a Certificate of Occupancy is requested by the Developer, FHS shall ensure that the transportation mitigation improvements are in place or that a financial commitment is in place to provide any facilities that are not complete, within two years of the request. The Developer shall demonstrate to the City at the time the Developer requests a Certificate of Occupancy, that it has set aside sufficient funds to construct the remaining transportation mitigation improvements (through execution of a cash set aside agreement in a form approved by the City Attorney). The cash set aside amount to be deposited by the Developer shall be determined by the City Engineer, who shall estimate the cost of the remaining improvements, and this amount shall be one and one-half times the cost of the remaining improvements. Construction of the Transportation Mitigation Improvements shall include design, construction engineering, excavating, grading, construction, wetland mitigation (if needed), acquisition of property (if needed), securing of permits/approvals, and related utility and storm water management work.

Section 6. City’s Agreement to Perform Transportation Mitigation Improvements if CERB Grant is Received. The Comprehensive Plan Amendment for FHS (approved by the FHS Development Agreement) is unusual and presents unique circumstances, such as:

A. Currently, there is no hospital in Gig Harbor or the immediately surrounding area. Construction of a hospital would be a benefit to the entire community.

B. The Transportation Mitigation improvements (Exhibits A and B) are extensive, and involve more than just the hospital’s street frontage improvements.

C. The Transportation Mitigation improvements (Exhibits A and B) are located both within the City limits and unincorporated Pierce County, and are within both City right-of-way and WSDOT right-of-way.

D. The City has applied for a CERB Grant for a portion of the Transportation Mitigation improvements (as well as the extension of a water line along Canterwood Boulevard N.W.), and if the City receives this Grant, it will be available to reimburse the

Developer for its proportionate share of the cost of the design and construction of the improvements covered by the Grant.

E. Construction of the Transportation Mitigation improvements must be performed under the public works competitive bidding process, as well as all other associated procedures, such as prevailing wage, etc., in order for the costs to be reimbursed under the CERB Grant.

F. It is likely that the CERB Grant cannot be used for the design and construction of the Transportation Mitigation improvements that are within unincorporated Pierce County and WSDOT right-of-way. The City could design and construct the portion of the Transportation Mitigation improvements within the City limits (so that this portion of the improvements would be eligible for reimbursement under the CERB Grant) and the Developer could design and construct the remainder. However, an integrated approach with one entity responsible for performing all of the work would likely be more efficient, cost less and have better results, as long as the Grant amount is significant enough to warrant the City's involvement in the construction process.

G. In light of the above, and in lieu of the Developer's design and construction of the Transportation Mitigation improvements described in Exhibits A and B, the City agrees to design and construct all of the improvements that are a part of the Transportation Mitigation at the cost of FHS subject to subsection J herein. In addition, the City's agreement is subject to the following conditions:

1. The Developer agrees to pay for all of the design and Project Manager costs associated with the Transportation Mitigation improvements as set forth herein. The City shall initiate the design and construction engineering under the procedure set forth in Section 7 below. If the City receives the CERB Grant, and to the extent allowed by the CERB Grant and applicable law, the City shall reimburse FHS for its proportionate share of the design costs associated with CERB Grant-covered improvements.

2. The Developer agrees to pay the cost of all of the Transportation Mitigation improvements, as identified in Exhibits A and B, along with all the City construction management costs.

3. If the City receives the CERB Grant, and if the CERB Grant covers any portion of the design and construction of the Transportation Mitigation improvements and related construction engineering, the City agrees to reimburse FHS for the FHS's proportionate share of the costs paid by it that are associated with same, to the extent allowed by the CERB Grant and applicable law. Subject to subsection J herein, the City agrees to take the following steps toward construction of the Transportation Mitigation improvements:

a) the City shall prepare the necessary documents to advertise for a Project Manager, who will oversee all of the construction of the Transportation Mitigation improvements. In so doing, the City shall comply with all laws and regulations applicable to the City under state law and any other requirements that may become applicable as a result of the CERB Grant award.

b) with input from FHS, the City shall select the Project Manager. The City's decision on the Project Manager shall be final. To the extent allowed by the CERB Grant, the contract with the Project Manager shall include provisions that will provide for coordination of the construction of the Transportation Mitigation improvements covered by the CERB Grant which are within the City limits (hereinafter the "City's Portion"), with the construction of all other Transportation Mitigation improvements which are within Pierce County and WSDOT right-of-way (hereinafter "FHS's portion"). To the extent allowed by the CERB Grant, the contract with the Project Manager will provide for separate notice and billing by the Project Manager and the contractor performing the work to the City with regard to the City's Portion and to FHS with regard to FHS's Portion of the cost of the Transportation Mitigation improvements. In addition, the contract with the Project Manager shall include a dispute resolution process to ensure expeditious resolution of disputes.

c) if it is not possible to have the Project Manager separately bill the two parties for their respective portions of the Transportation Mitigation improvements, then the parties shall follow the same escrow process applicable to design costs, as described in Section 7 herein, for the payment of FHS's portion of the Project Manager and/or contractor and/or construction costs.

d) the City shall prepare the necessary bid documents for construction of the Transportation Mitigation improvements, and advertise for same. In so doing, the City shall comply with all laws and regulations applicable to the City under state law and any other requirements of the CERB Grant.

e) with input from FHS, the City shall select the contractor and award the contract. The City's decision on the contractor shall be final. To the extent allowed by the CERB Grant, the contract with the contractor shall include the construction of the Transportation Mitigation improvements covered by the CERB Grant ("City's Portion"), and construction of all other Transportation Mitigation improvements ("FHS's portion"). To the extent allowed by the CERB Grant, the contract with the contractor shall require the contractor to submit separate notices and bills to the Project Manager for the separate portions of the Transportation Mitigation improvements.

f) once FHS's Portion of the Transportation Mitigation improvements are complete, FHS (together with the Project Manager and the contractor) shall have the responsibility to ensure acceptance for ownership, maintenance and operation by the agency with jurisdiction prior to the time a Certificate of Occupancy is issued for the FHS Project on the FHS Property subject to Section 5

herein. Once the City's Portion of the Transportation Mitigation improvements are complete, the City (together with the Project Manager and the contractor) shall have the responsibility to ensure acceptance for ownership, maintenance and operation by the Agency with jurisdiction, which in most, if not all cases will be the City. However, nothing in this Agreement shall create any liability or cause of action by FHS or any other third party against the City for the City's failure to complete the City's Portion of the Transportation Mitigation improvements by any particular date including any date established by the FHS Development Agreement, given that the City's expected receipt of the CERB Grant is the only reason the City has elected to enter into this Agreement with the Developer.

H. The City's decision to construct the Transportation Mitigation improvements as set forth herein shall not be interpreted to mean that the City (or the public in general) has any responsibility for the funding, design or construction of the Transportation Mitigation improvements. If the City receives the CERB Grant, it agrees to reimburse the Developer for its proportionate share of the cost of improvements of any portion of the Grant which covers the cost of the Transportation Mitigation improvements that are listed in Exhibits A and B, as well as the extension of the water line along Canterwood Boulevard, N.W., in the event that FHS is required to install such line as a condition of the City's approval of the FHS Project, to the extent allowed by the CERB Grant and applicable law. The parties acknowledge that the CERB Grant, if received, will cover only a portion of the Transportation Mitigation improvements.

I. The Developer acknowledges that in order for the City to construct the Transportation Mitigation improvements, the City must adopt some framework for the assessment and collection of funds from property owners for same (it is unknown whether the City will receive the CERB Grant, and the CERB Grant will not cover all of the Transportation Mitigation improvements). Therefore the City may, (but is not required to) require other developers, as a condition of approval of their projects, to pay a proportionate share of the cost of the Transportation Mitigation improvements and/or the City may create a street assessment reimbursement district pursuant to chapter 35.72 RCW, local improvement district or other means of financing the construction of the Transportation Mitigation improvements. The City agrees to reimburse the Developer out of the funds received by these means for the costs of any Transportation Mitigation improvements that have been previously paid by the Developer, to the extent allowed by law.

The Developer acknowledges that the FHS Property would be specially benefited by the Transportation Mitigation improvements. The Developer agrees to sign a petition for the formation of a LID or ULID for the Transportation Mitigation improvements at such time as one is circulated and the Developer hereby appoints the Mayor of the City of Gig Harbor as its attorney-in-fact to sign such a petition in the event the Developer fails or refuses to do so.

With full understanding of the Developer's right to protest formation of an LID or ULID to construct the Transportation Mitigation improvements pursuant to RCW 35.43.180, the

Developer agrees to participate in any such LID or ULID and to waive its right to protest formation of the same. The Developer shall retain the right to contest the method of calculating any assessment and the amount thereof, and shall further retain the right to appeal the decision of the City Council affirming the final assessment roll to the superior court. Notwithstanding any other provision of this Agreement, this waiver of the right to protest shall be valid for a period of ten (10) years from the date this Agreement is signed by the Developer.

The Developer acknowledges that formation of any street assessment reimbursement district is subject to the procedures in chapter 35.72 RCW, and that the City Council's ruling on such area is final. RCW 35.72.040(2). The Developer agrees not to challenge the adoption of an ordinance adopted pursuant to RCW 35.72.010 (as it now exists or may hereafter be amended).

J. The Developer specifically acknowledges that nothing in this Agreement requires the City to construct the Transportation Mitigation improvements on or before a date certain or at all. In addition, the City may decide not to construct the Transportation Mitigation Improvements if the City does not receive the CERB Grant, if the Grant award is not sufficient in the City's sole discretion, to warrant the City's construction of the Transportation improvements, if an appeal is filed of the Comprehensive Plan Amendment or Development Agreement, if an appeal is filed of the FHS conditional use, site plan, design review or building permits, the street assessment reimbursement district, LID or other method of financing design and construction, City does not have to construct any of the Transportation Mitigation improvements. In the event the City decides not to construct the improvements and if the City receives any CERB grant funds for any portion of the Transportation Mitigation Improvements, and to the extent allowed by the CERB grant and applicable law, the City will reimburse FHS for its proportionate share of the cost of those improvements.

Section 7. Escrow Agreement. An escrow account shall be established by the City for funds to be deposited by FHS which may be drawn upon by the City solely for the purpose of paying, or reimbursing the City for, the cost of designing the Transportation Mitigation improvements. In addition, if both parties agree that the arrangement described above for the construction project manager is unworkable, and that an escrow account should be established so that the City may draw upon it in order to pay the contractor, the following procedures shall be used:

A. The total amount of initial funds to be deposited into the escrow account by FHS for design of the Transportation Mitigation improvements shall not exceed Five Hundred Thousand Dollars (\$500,000). The Developer shall eventually deposit with the City, in escrow, for use by the City the full amount of the design costs of the Transportation Improvements.

B. This Escrow Deposit shall be held in escrow by the City, in a federally insured account, and will only be paid and applied to payment of the cost of the design of the

Transportation Mitigation improvements by the City as and when such costs are incurred. No interest will inure to or be paid to the Developer on the Escrow Deposit. Interest earned on the escrow account, if any, will be applied to the costs of the design of the Transportation Mitigation improvements

C. The Escrow Deposit will be used to fund the total costs of the design of the Transportation Improvements (or of FHS's Portion of the Transportation Improvements) as well as administrative and/or inspection expenses relating thereto. In the event that the total costs incurred in performing the design work (or of construction of FHS's Portion of the Transportation Improvements) are less than the Escrow Deposit, the unexpended Portion of the Escrow Deposit will be returned to Developer within thirty (30) days of receipt of a written request of the Developer therefore.

D. In the event that the total costs incurred in performing the design work (or of construction of FHS's Portion of the Transportation Improvements) are more than the Escrow Deposit, the City shall issue another demand letter to the Developer, requesting additional funds. The Developer shall submit the additional funds to the City within thirty (30) days after receipt of the demand letter, and the City shall apply the funds to design (or construction of FHS's Portion) of the Transportation Improvements.

Section 8. Default.

A. Subject to extensions of time by mutual consent in writing, failure or delay by either party, to perform any term or provision of this Agreement shall constitute a default. In the event of alleged default or breach of any terms or conditions of this Agreement, the party alleging such default or breach shall give the other party not less than thirty (30) days notice in writing, specifying the nature of the alleged default and the manner in which said default may be cured. During this thirty (30) day period, the party charged shall not be considered in default for purposes of termination or institution of legal proceedings.

B. After notice and expiration of the thirty (30) day period, if such default has not been cured or is not being diligently cured in the manner set forth in the notice, the other party to this Agreement may, at its option, institute legal proceedings pursuant to this Agreement.

Section 9. Termination. This Agreement shall terminate when the Transportation Mitigation improvements have been constructed, and accepted for ownership, maintenance and operation by all agencies with jurisdiction, or ten (10) years, whichever first occurs. Termination of this Agreement as to the Developer of the FHS Property or any portion thereof shall not affect any of the Developer's obligations to comply with the FHS Development Agreement, the City Comprehensive Plan and the terms and conditions or any applicable zoning code(s) or subdivision map or other land use entitlements approved with respect to the FHS Project or FHS Property, or any other conditions of any other development specified in this Agreement to continue after

the termination of this Agreement or obligations to pay assessments, liens, fees or taxes.

Section 10. Assignment and Assumption. Either party shall have the right to assign all or part of its rights and interest in and to this Agreement, provided that the assigning party shall continue to be bound by all of its covenants and obligations hereunder, and provided that the assigning party first receives the written consent of the other party.

Section 11. Amendment to Agreement. This Agreement may not be amended verbally or in any other manner other than by an agreement in writing signed by all of the duly authorized representatives of the parties or their respective successors in interest.

Section 12. Notices. Notices, demands, correspondence to the City and Developer shall be sufficiently given if dispatched by pre-paid first-class mail to the addresses of the parties as designated in Section 4. Notice to the City shall be to the attention of both the City Administrator and the City Attorney. The parties hereto may, from time to time, advise the other of new addresses for such notices, demands or correspondence.

Section 13. Indemnification. The Developer (FHS) agrees to indemnify and save the City, its officials, officers, agents and representatives harmless from and against any and all liability, damages, expenses and judgments arising in connection with this Agreement, provided that defense of any such claim is tendered to the developer (FHS) unless occasioned by the negligence or intentional misconduct of the City, or the expenditure of funds deposited with the City by the Developer (FHS) other than as permitted by this Agreement. The provisions of this indemnification section shall survive the termination of this Agreement.

Section 14. Applicable Law and Attorneys' Fees. This Agreement shall be construed and enforced in accordance with the laws of the State of Washington. If litigation is initiated to enforce the terms of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs from the non-prevailing party. Venue for any action shall lie in Pierce County Superior Court or the U.S. District Court for Western Washington.

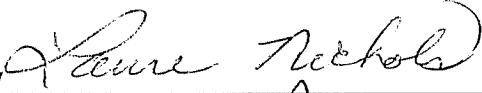
Section 15. Binding Effect. All of the covenants, conditions and obligations contained in this Agreement shall be binding upon and inure to the benefit of the respective heirs, legal representatives, successors and assigns of the parties.

Section 16. Specific Performance. The parties specifically agree that damages are not an adequate remedy for breach of this Agreement, and that the parties are entitled to compel specific performance of all material terms of this Agreement by any party in default hereof.

Section 17. Severability. If any phrase, provision or section of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable, or if any provision of this Agreement is rendered invalid or unenforceable according to the terms of any statute of the State of Washington which became effective after the effective date of the ordinance adopting this Agreement, and either party in good faith determines that such provision or provisions are material to its entering into this Agreement, that party may elect to terminate this Agreement as to all of its obligations remaining unperformed.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the dates set forth below:


FRANCISCAN HEALTH SYSTEM

By 
Its Sec. J.P.
9-18-06,

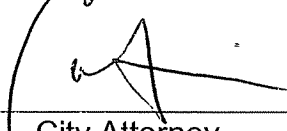
CITY OF GIG HARBOR

By 
Its Mayor

ATTEST:

By 
City Clerk

APPROVED AS TO FORM:

By 
City Attorney

STATE OF WASHINGTON)
) ss.
COUNTY OF Pierce)

I certify that I know or have satisfactory evidence that Laure Nichols is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument, on oath stated that (he/she) was authorized to execute the instrument and acknowledged it as the of Senior VP, FHS, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 9-18-06



Andrea Purvis

Andrea Purvis
(print or type name)

NOTARY PUBLIC in and for the
State of Washington, residing at:

Federal Way, WA

My Commission expires: 5-14-07

STATE OF WASHINGTON)
) ss.
COUNTY OF PIERCE)

I certify that I know or have satisfactory evidence that Charles L. Hunter is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Mayor of Gig Harbor to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: 8/29/06



Molly M Towslee

Molly M. Towslee
(print or type name)

NOTARY PUBLIC in and for the
State of Washington, residing at:

Gig Harbor

My Commission expires: 12/2/07

EXHIBIT A TRANSPORTATION MITIGATION

In satisfaction of the conditions of the Comprehensive Plan Amendment and as consideration for the Development Agreement, the Developer shall:

1. Implement transportation demand management measures in accordance with the City's adopted commute trip reduction regulations, as set forth in chapter 10.28 GHMC, to reduce single occupant vehicle use.

2. Allow future transit service to be provided directly to the Property, consistent with the plans of Pierce Transit, and provide accommodations for such service in the approved site plan for the Project.

3. Construct full frontage improvements along the west boundary of the Property that fronts on Canterwood Boulevard, and construct a waterline transmission main extension along Canterwood Blvd. up to and across the entire Property frontage, consistent with adopted City standards. Improvements shall consist of a twelve (12) foot wide lane, cement concrete curb and gutter, planter strip, sidewalk, retaining walls, street illumination, storm drain system and an irrigation system.

4. Construct on Canterwood Boulevard a second southbound lane along with a ten (10) foot wide paved shoulder from the East Roundabout to the south boundary of the Property. South Access of FHS to RAB required.

5. Construct on the northbound (east) side of Canterwood Boulevard a ten (10) foot wide paved shoulder from the East Roundabout to the south boundary (or south access) of the Property.

6. Construct a bypass lane on the north side of the East Roundabout from Canterwood Boulevard southbound to the SR 16 on-ramp northbound(Westbound). The design shall meet WSDOT standards.

7. Construct a second exit lane on the SR 16 on-ramp northbound (westbound) from the East Roundabout for an appropriate taper length acceptable to the Washington State Department of Transportation ("WSDOT"). The design shall meet WSDOT standards

8. Construct and extend the storage of the SR 16 off-ramp northbound 450 feet south of the East Roundabout. This additional lane on the ramp may trigger the need to prepare an interchange justification report (IJR) to determine if the revision might adversely affect the level of service for through traffic on the mainline. The design shall meet WSDOT standards.

9. Construct a bypass lane on the south side of the East Roundabout from the SR 16 off-ramp northbound(westbound) to Burnham Drive southbound.

10. Construct a second southbound lane on the SR 16 off-ramp to the existing Roundabout intersection with Burnham Drive, for a length of approximately 1,500 feet of additional storage. This additional lane on the ramp may trigger the need to prepare an interchange justification report (IJR) to determine if the revision might adversely affect the level of service for through traffic on the mainline. The design shall meet WSDOT standards.

11. Construct a second lane circulating lane around the entire circumference of the West Roundabout. The design shall meet WSDOT standards.

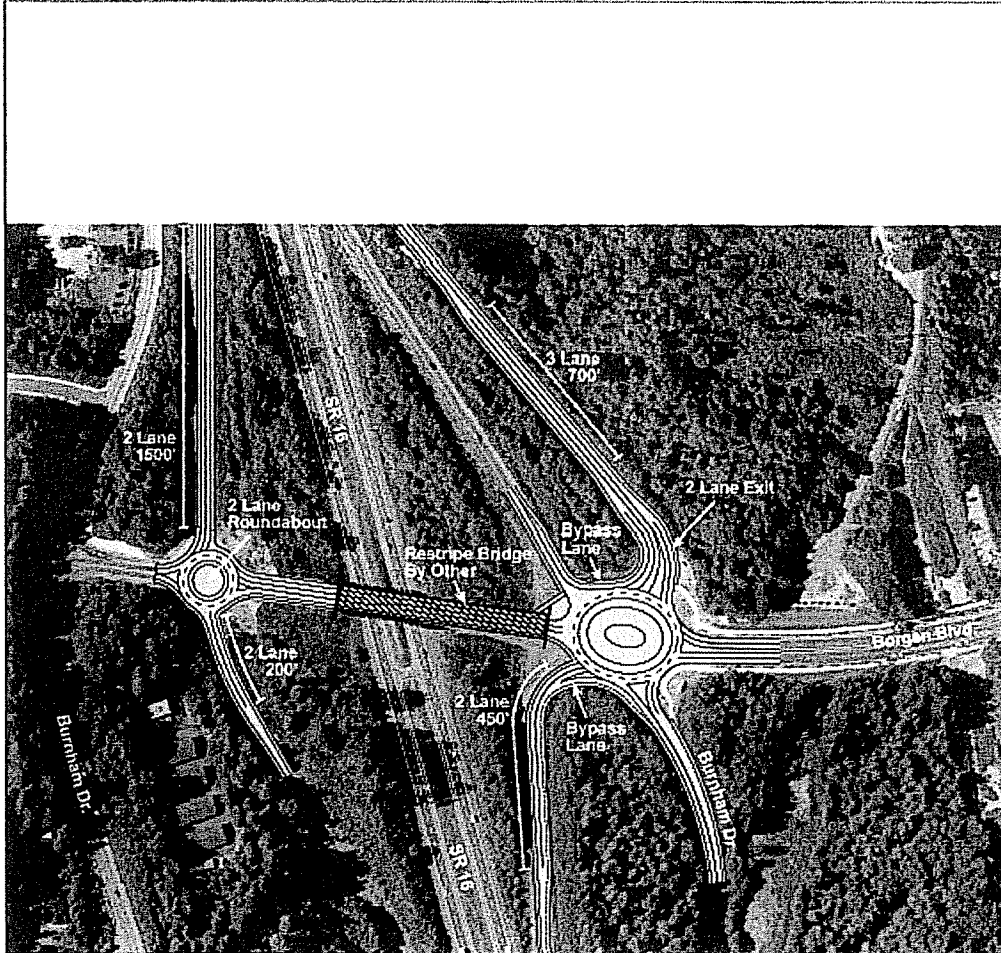
12. Construct a second exit lane on the SR 16 on-ramp southbound from the West Roundabout for an appropriate taper length acceptable to WSDOT. The design shall meet WSDOT standards.

13. Convert the channelization of the existing Burnham Drive bridge over SR 16 to a three-lane section, with two lanes eastbound and one lane westbound across the bridge, or as required by WSDOT within the existing bridge width. The design shall meet WSDOT standards.

14. Convert the channelization of the East Roundabout to align with the revised channelization on the existing Burnham Drive bridge over SR 16.

15. Exhibit B pictorially depicts the required improvements.

EXHIBIT B MAP OF TRANSPORTATION MITIGATION



04/11/06

<p><i>Proposed Mitigation St. Anthony Hospital</i></p>	
<p><i>City of Gig Harbor 2005 Comprehensive Plan Amendments</i></p>	
<p>COGH0000-0025</p>	<p>Figure 14</p>
<p>January 2005</p>	<p>DAVID EVANS & ASSOCIATES</p>