



SEATTLE CITY COUNCIL

Transportation and Seattle Public Utilities

Agenda

Tuesday, May 2, 2023

9:30 AM

Council Chamber, City Hall
600 4th Avenue
Seattle, WA 98104

Alex Pedersen, Chair
Dan Strauss, Vice-Chair
Lisa Herbold, Member
Tammy J. Morales, Member
Kshama Sawant, Member

Chair Info: 206-684-8804; Alex.Pedersen@seattle.gov

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May 2, 2023 - 9:30 AM

Meeting Location:

Council Chamber, City Hall, 600 4th Avenue, Seattle, WA 98104

Committee Website:

<https://www.seattle.gov/council/committees/transportation-and-seattle-public-utilities>

This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

Members of the public may register for remote or in-person Public Comment to address the Council. Details on how to provide Public Comment are listed below:

Remote Public Comment - Register online to speak during the Public Comment period at the meeting at <http://www.seattle.gov/council/committees/public-comment>. Online registration to speak will begin two hours before the meeting start time, and registration will end at the conclusion of the Public Comment period during the meeting. Speakers must be registered in order to be recognized by the Chair.

In-Person Public Comment - Register to speak on the Public Comment sign-up sheet located inside Council Chambers at least 15 minutes prior to the meeting start time. Registration will end at the conclusion of the Public Comment period during the meeting. Speakers must be registered in order to be recognized by the Chair.

Submit written comments to Councilmember Pedersen at alex.pedersen@seattle.gov

Please Note: Times listed are estimated

A. Call To Order

B. Approval of the Agenda

C. Public Comment

D. Items of Business

1. [CB 120543](#) **AN ORDINANCE granting SeaPort Midstream Partners, LLC permission to maintain and operate a pipeline system in, under, along, and across Southwest Florida Street, between 13th Avenue Southwest and 16th Avenue Southwest, for a 30-year term, renewable for two successive 15-year terms; specifying the conditions under which this permit is granted; and providing for the acceptance of the permit and conditions.**

Supporting
Documents:

[Summary and Fiscal Note](#)

[Summary Att A - SeaPort Midstream Partners Area Map](#)

[Summary Att B - SeaPort Midstream Partners Pipeline Fee
Assessment](#)

[Central Staff Memo](#)

[Presentation \(5/2/23\)](#)

Briefing, Discussion, and Possible Vote

Presenters: Amy Gray, Seattle Department of Transportation; Karl Bernard, Transmontaigne Partners

2. [CB 120544](#) **AN ORDINANCE granting Qwest Corporation permission to continue maintaining and operating an existing utility tunnel under and across Seneca Street, east of 3rd Avenue; repealing Section 8 of Ordinance 123615; and providing for the acceptance of the permit and conditions.**

Supporting
Documents:

[Summary and Fiscal Note](#)
[Summary Att A - Qwest Seneca St Tunnel Area Map](#)
[Summary Att B - Annual Fee Assessment Summary](#)
[Central Staff Memo](#)
[Presentation \(5/2/23\)](#)

Briefing, Discussion, and Possible Vote

Presenter: Amy Gray, Seattle Department of Transportation

3. [CF 314517](#) **Request for an extension to the conditional approval of a petition of City Investors IV, LLC to vacate a portion of the alley in Block 89, D.T. Denny's 5th Addition to the City of Seattle (CF 313894).**

Attachments: [Unexecuted Conditions of Approval](#)

Supporting
Documents:

[Extension Request](#)
[Central Staff Memo](#)
[Presentation \(5/2/23\)](#)

Briefing, Discussion, and Possible Vote

Presenters: Beverly Barnett, Seattle Department of Transportation; Nick Lenington, Murray Crampton, and Jacqueline Gruber, Vulcan Real Estate; Holly Golden, Hillis Clark Martin & Peterson; Lish Whitson, Council Central Staff

4. **Seattle Public Utilities 2022 Audit Report**

Supporting Documents: [Presentation \(5/2/23\)](#)

Briefing and Discussion

Presenters: Laurie Tish and Nicole Janes, Moss Adams

E. Adjournment



Legislation Text

File #: CB 120543, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE granting SeaPort Midstream Partners, LLC permission to maintain and operate a pipeline system in, under, along, and across Southwest Florida Street, between 13th Avenue Southwest and 16th Avenue Southwest, for a 30-year term, renewable for two successive 15-year terms; specifying the conditions under which this permit is granted; and providing for the acceptance of the permit and conditions.

WHEREAS, by Ordinance 110519, The City of Seattle (“City”) granted permission to Atlantic Richfield

Company to construct, maintain, and operate a pipeline system in, under, and across Southwest Florida Street; and

WHEREAS, BP West Coast Products LLC obtained the property now known as King County Parcel Numbers 7666702900 and 7666701680 from Atlantic Richfield Company, a Delaware corporation, Atlantic Richfield Company, a Pennsylvania corporation, The Atlantic Refining Company, a Pennsylvania corporation, and Richfield Oil Corporation, a Delaware corporation, effective as of December 31, 2001, and BP West Coast Products LLC, indirectly transferred ownership of the pipeline system to SeaPort Midstream Partners, LLC in 2017; and

WHEREAS, the permission authorized by Ordinance 110519 was amended by Ordinance 119397 and was renewed by Resolution 28646, and the permission ended on December 31, 2001; and

WHEREAS, the obligations of Ordinance 110519 remain in effect after the ordinance term expires until the encroachment is removed, or SeaPort Midstream Partners, LLC is relieved of the obligations by the Seattle Department of Transportation Director, or the Seattle City Council passes a new ordinance to renew the permission granted; and

WHEREAS all renewals allowed by Ordinance 110519 are exhausted and a new ordinance is required to repermit the existing pipeline system in the right-of-way; and

WHEREAS, SeaPort Midstream Partners, LLC has applied for permission to maintain and operate the existing pipeline system (including four 10-inch pipelines) in, under, along, and across Southwest Florida Street, on a 10-foot-wide strip of land between 13th Avenue Southwest and 16th Avenue Southwest for the purposes of transmitting petroleum products between their oil storage plant facilities (Plant 1 and Plant 2) on Harbor Island; and maintain and operate a pipeline system in, under, and across Southwest Florida Street (“pipeline system”); and

WHEREAS, the existing pipeline system located in, under, along, and across Southwest Florida Street, between 13th Avenue Southwest and 16th Avenue Southwest (“encroachment”) has not been removed and remains in the right-of-way;

WHEREAS, the adoption of this ordinance is the culmination of the approval process for the pipeline system to legally occupy a portion of the public right-of-way; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. **Permission.** Subject to the terms of the ordinance, permission is granted to SeaPort Midstream Partners, LLC (“Permittee”) and its successors and assigns, to maintain, operate, renew, repair, change the size and number of, and/or remove a system of pipelines (“pipeline system”), under, along, across, and in Southwest Florida Street between 13th Avenue Southwest and 16th Avenue Southwest, adjacent to:

Parcel 1

Lots 1 through 14, inclusive, in Block 405 of Seattle Tide Lands, Extension No. 1, according to the maps on file in the Office of the Commissioner of Public Lands in Olympia, King County, Washington; together with the Southerly 50 feet, in width, of vacated West Florida Street adjoining on the North.

Parcel 2

Parcel B of Lot Boundary Adjustment No. 9806472 recorded April 12, 1999 under Recording No. 9904129014, in King County, Washington.

Section 2. **Term.** The permission granted to the Permittee is for a term of 30 years, starting on the effective date of this ordinance, and ending at 11:59 p.m. on the last day of the thirtieth year. Upon written application of the Permittee at least one year before expiration of the term, the Director or the City Council may renew the permit for two successive 15-year terms, subject to the right of the City to require the removal of the pipeline system or to revise by ordinance any of the terms and conditions of the permission granted by this ordinance. The total term of the permission as originally granted and extended shall not exceed 60 years. The Permittee shall submit any application for a new permission no later than one year prior to the expiration of the then-existing term.

Section 3. **Protection of utilities.** The permission granted is subject to the Permittee bearing the expense of any protection, support or relocation of existing utilities deemed necessary by the owners of the utilities and the Permittee being responsible for any damage to the utilities due to the repair, reconstruction, maintenance, or operation of the pipeline system, and for any consequential damages that may result from any damage to utilities or interruption in service caused by any of the foregoing.

Section 4. **Removal for public use or for cause.** The permission granted is subject to use of the street right-of-way or other public place (collectively, “public place”) by the City and the public for travel, utility purposes, and other public uses or benefits. The City expressly reserves the right to deny renewal, or terminate the permission at any time prior to expiration of the initial term or any renewal term, and require the Permittee to remove the pipeline system, or any part thereof or installation on the public place, at the Permittee’s sole cost and expense in the event that:

- A. The City Council determines by ordinance that the space occupied by the pipeline system is necessary for any public use or benefit or that the pipeline system interferes with any public use or benefit; or
- B. The Director determines that use of the pipeline system has been abandoned; or
- C. The Director determines that any term or condition of this ordinance has been violated, and the violation has not been corrected by the Permittee by the compliance date after a written request by the City to

correct the violation (unless a notice to correct is not required due to an immediate threat to the health or safety of the public).

A City Council determination that the space is needed for, or the pipeline system interferes with, a public use or benefit is conclusive and final without any right of the Permittee to resort to the courts to adjudicate the matter.

Section 5. Permittee's obligation to remove and restore. If the permission granted is not renewed at the expiration of a term, or if the permission expires without an application for a new permission being granted, or if the City terminates the permission, then within 90 days after the expiration or termination of the permission, or prior to any earlier date stated in an ordinance or order requiring removal of the pipeline system, the Permittee shall, at its own expense, remove the pipeline system and all of the Permittee's equipment and property from the public place and replace and restore all portions of the public place that may have been disturbed for any part of the pipeline system in as good condition for public use as existed prior to construction of the pipeline system and in at least as good condition in all respects as the abutting portions of the public place as required by Seattle Department of Transportation (SDOT) right-of-way restoration standards.

Failure to remove the pipeline system as required by this section is a violation of Chapter 15.90 of the Seattle Municipal Code (SMC) or successor provision; however, applicability of Chapter 15.90 does not eliminate any remedies available to the City under this ordinance or any other authority. If the Permittee does not timely fulfill its obligations under this section, the City may in its sole discretion remove the pipeline system and restore the public place at the Permittee's expense, and collect such expense in any manner provided by law.

Upon the Permittee's completion of removal and restoration in accordance with this section, or upon the City's completion of the removal and restoration and the Permittee's payment to the City for the City's removal and restoration costs, the Director shall then issue a certification pursuant to Section 8 of this ordinance.

Section 6. Repair, reconstruction, readjustment or relocation. The pipeline system shall remain the

exclusive responsibility of the Permittee and the Permittee shall maintain the pipeline system in good and safe condition for the protection of the public.

Except where necessary to respond to an emergent and imminent threat to property or human safety, the Permittee shall not reconstruct, relocate, readjust, or repair the pipeline system except under the supervision of the Director and in strict accordance with plans and specifications approved by the Director. The Director may, in the Director's judgment, order the pipeline system reconstructed, relocated, readjusted, or repaired at the Permittee's own cost and expense because of: the deterioration or unsafe condition of the pipeline system or any part thereof or installation thereon; grade separations; the installation, construction, reconstruction, maintenance, operation, or repair of any municipally owned public utilities; or for any other cause.

Section 7. Failure to correct unsafe condition. After written notice to the Permittee and failure of the Permittee to correct any unsafe conditions within the time stated in the notice, the Director may order that the pipeline system be closed or removed at the Permittee's expense if the Director deems that the pipeline system has become unsafe or creates a risk of injury to the public. If there is an immediate threat to the health or safety of the public, a notice to correct is not required.

Section 8. Continuing obligation to remove and restore. Notwithstanding termination or expiration of the permission granted, or closure or removal of the pipeline system, the Permittee shall remain bound by its obligation under this ordinance until:

- A. The pipeline system and all its equipment and property are removed from the street right-of-way;
- B. The area is cleared and restored in a manner and to a condition satisfactory to the Director; and
- C. The Director certifies that the Permittee: (1) has fulfilled its removal and restoration obligations under this ordinance; and (2) has discharged its obligations under this ordinance for occurrences after the date of the certificate.

Upon prior notice to the Permittee and entry of written findings that it is in the public interest, the Director may, in the Director's sole discretion, conditionally or absolutely excuse the Permittee from

compliance with all or any of the Permittee's obligations to remove the pipeline system and its property and to restore any disturbed areas, including, for the avoidance of doubt, Permittee's obligations under Section 5 of this ordinance.

Section 9. **Release, hold harmless, indemnification, and duty to defend.** The pipeline system shall remain the exclusive responsibility of the Permittee, and the Permittee agrees to maintain the pipeline system in good and safe condition. The Permittee, by accepting the terms of this ordinance and the permission granted, releases the City, its officials, officers, employees, and agents from any and all claims, actions, suits, liability, loss, costs, expense, attorney's fees, or damages of every kind and description arising out of or by reason of the pipeline system or this ordinance, including but not limited to claims resulting from injury, damage, or loss to the Permittee or the Permittee's property.

The Permittee agrees to at all times defend, indemnify, and hold harmless the City, its officials, officers, employees, and agents from and against all claims, actions, suits, liability, loss, costs, expense, attorneys' fees, or damages of every kind and description, excepting only damages that may result from the sole negligence of the City, that may accrue to, be asserted by, or be suffered by any person or property including, without limitation, damage, death or injury to members of the public or to the Permittee's officers, agents, employees, contractors, invitees, tenants, tenants' invitees, licensees, or successors and assigns, arising out of or by reason of:

- A. The existence, condition, reconstruction, modification, maintenance, operation, use, or removal of the pipeline system;
- B. Anything that has been done or may at any time be done by the Permittee by reason of this ordinance; or
- C. The Permittee failing or refusing to strictly comply with every provision of this ordinance; or arising out of or by reason of the pipeline system, or this ordinance in any other way.

If any suit, action, or claim of the nature described above is filed, instituted, or begun against the City,

the Permittee shall upon notice from the City defend the City, with counsel acceptable to the City, at the sole cost and expense of the Permittee, and if a judgment is rendered against the City in any suit or action, the Permittee shall fully satisfy the judgment within 90 days after the action or suit has been finally determined, if determined adversely to the City. If it is determined by a court of competent jurisdiction that Revised Code of Washington (RCW) 4.24.115 applies to this ordinance, then in the event claims or damages are caused by or result from the concurrent negligence of the City, its agents, contractors, or employees, and the Permittee, its agents, contractors, or employees, this indemnity provision shall be valid and enforceable only to the extent of the negligence of the Permittee or the Permittee's agents, contractors, or employees.

Section 10. **Insurance.** For as long as the Permittee exercises any permission granted by this ordinance and until the Director has issued a certification that the Permittee has fulfilled its removal and restoration obligations under Section 8 of this ordinance, the Permittee shall obtain and maintain in full force and effect, at its own expense, insurance and/or self-insurance that protects the Permittee and the City from claims and risks of loss from perils that can be insured against under commercial general liability (CGL) insurance policies in conjunction with:

1. Reconstruction, modification, operation, maintenance, use, existence, or removal of the pipeline system, as well as restoration of any disturbed areas of the public place in connection with removal of the pipeline system;
2. The Permittee's activity upon or the use or occupation of the public place described in Section 1 of this ordinance; and
3. Claims and risks in connection with activities performed by the Permittee by virtue of the permission granted by this ordinance.

Minimum insurance requirements are CGL insurance written on an occurrence form at least as broad as the Insurance Services Office (ISO) CG 00 01. The City requires insurance coverage to be placed with an insurer admitted and licensed to conduct business in Washington State or with a surplus lines carrier pursuant to

chapter 48.15 RCW. If coverage is placed with any other insurer or is partially or wholly self-insured, such insurer(s) or self-insurance is subject to the provisions of this ordinance regarding self-insurance.

Permittee shall maintain in full force and effect at Permittee’s sole cost and expense, and Permittee shall ensure that its contractors and subcontractors of all tiers contracted for reconstruction, modification, operation, maintenance, use, existence or removal of the pipeline system in accordance with this ordinance shall maintain in full force and effect during the periods stated, minimum types of insurance coverages with such minimum limits of liability and meeting such general conditions as are set forth below.

Minimum limits of liability shall be \$5,000,000 per Occurrence; \$10,000,000 General Aggregate; Contractual Liability and may be in any combination of primary and umbrella/excess liability policies. Coverage shall include “The City of Seattle, its officers, officials, employees and agents” as additional insureds for primary and non-contributory limits of liability subject to a Separation of Insureds clause.

If the reconstruction, modification, operation, maintenance, use, existence, or removal of the pipeline system is contracted, applicable minimum coverages and limits of liability may be evidenced by any contractor or subcontractor provided that such insurance fully meets the applicable requirements set forth herein.

Notwithstanding, Permittee shall have authority to determine and adjust insurance coverage and limits for contractor or subcontractors contracted for reconstruction, modification, operation, maintenance, use, existence or removal of the pipeline system, provided that any adjustment or modification to subcontractor insurance requirements shall not reduce or modify Permittee’s obligations under this Agreement.

A. Commercial General Liability (CGL) Insurance. CGL insurance must include coverage for:

1. Premises/Operations;
2. Personal/Advertising Injury;
3. Contractual;
4. Independent Contractors; and
5. Stop Gap (unless insured as Employers Liability under Part B of a Workers Compensation

Insurance Policy).

Such insurance must provide a minimum limit of liability of \$1,000,000 each Occurrence Combined Single Limit Bodily Injury and Property Damage (CSL) except \$1,000,000 each Offense Personal/Advertising Injury and \$1,000,000 each Accident/Disease - Policy Limit/Disease - each Employee Stop Gap or Employers Liability. Permittee's, and, if applicable, its contractor's or subcontractor's, CGL insurance must not exclude perils generally known as XCU (Explosion, Collapse and Underground Property Damage), Subsidence, Absolute Earth Movement (except as respects earthquake peril only) or any equivalent peril.

B. Automobile Liability Insurance. Automobile Liability for owned, non-owned, hired, and leased vehicles, as applicable, with a minimum limit of liability of \$1,000,000 CSL. If pollutants are to be transported, MCS 90 and CA 99 48 endorsements are required on the Automobile Liability insurance policy unless in-transit pollution risk is covered under a Pollution Liability insurance policy.

C. State of Washington Statutory Workers' Compensation Insurance. Permittee, and, if applicable, its contractors or subcontractors, must comply with Workers' Compensation coverage as required by Title 51 RCW (Industrial Insurance).

D. Contractor's Pollution Liability Insurance. Permittee, and, if applicable, its contractors or subcontractors, shall provide a Pollution Liability policy for pollutants that are or may be remediated on or off site covering claims, including investigation, defense, or settlement costs and expenses that involve bodily injury and property damage (including natural resources damages and loss of use of tangible property that has not been physically injured) covering:

1. Pollution conditions caused or made worse by Permittee, and, if applicable, its contractors or subcontractors, including clean-up costs for a newly caused condition or a historical condition that is made worse.

2. In-Transit Pollution Liability.

3. The vicarious liability of contractors or subcontractors of any tier (if applicable).

Such Pollution Liability insurance shall provide a minimum limit of liability of \$5,000,000 each claim with a minimum aggregate limit of 200 percent of each claim limit. With respect to any reconstruction project for the pipeline system, there shall be no requirement for a dedicated reconstruction project aggregate limit provided that Permittee, its contractors or subcontractors shall (1) cause to be submitted to the City prior to the Notice to Proceed date with its insurance certification a written statement from its authorized insurance representative that the full minimum aggregate limit is available and has not been impaired by any claims reserved on another project, and (2) thereafter, until the completion of the reconstruction project, Permittee, its contractors or subcontractors shall provide notice in writing to the City within ten days of Permittee's, contractor's or subcontractor's constructive knowledge of any pending or actual impairment of the aggregate limit. If in-Transit Pollution Liability is required but it is not provided under the Automobile Liability, then Permittee, and, if applicable, its contractors or subcontractors, must provide evidence of In-Transit Pollution Liability transportation coverage under Permittee's, and, if applicable, its contractor's or subcontractor's, Pollution Liability policy.

E. Umbrella or Excess Liability Insurance. Permittee, and, if applicable, its contractors or subcontractors, shall provide minimum Excess or Umbrella Liability coverage limits of \$5,000,000 each occurrence in excess of the primary CGL and Automobile liability insurance limits specified in Section 10 of this ordinance. The minimum total limits requirement of \$5,000,000 may also be satisfied with primary CGL and/or Automobile liability insurance limits or any combination of primary and excess/umbrella limits.

F. Coverages Required during Course of Reconstruction. Prior to mobilization on site of its contractor or any subcontractor of any tier contracted for reconstruction of the pipeline system, Permittee shall maintain, or cause to be maintained by its contractor, not at City's expense, Builder's Risk Property insurance, and Permittee shall ensure that such insurance shall be in effect at all times during new construction or structural alteration and shall not be terminated until the physical completion thereof. Such insurance shall:

1. Cover all portions of the pipeline system subject to such reconstruction, including all new

structures and existing structures that are to be structurally altered (but excluding existing structures to be demolished) and all materials, equipment, supplies and temporary structures being built or stored at or near the construction site, or while in transit;

2. Provide “All Risk” coverage in an amount equal to the current 100 percent completed value replacement cost of all property on the pipeline system subject to such reconstruction required to be covered, including the value of existing structures that have been structurally altered (including allowance for “soft costs”) against loss from the perils of fire and other risks of direct physical loss not less broad than provided by the insurance industry standard Causes of Loss - Special Form CP 10 30;

3. If so required in writing by the City, include earth movement including earthquake and flood perils and such other endorsements and coverages as the City may from time to time reasonably require and any other insurance required by law or by the terms of this ordinance;

4. Remain in force until coverage for Permittee’s Permanent Property Insurance complying with this Section is bound;

5. Provide that payment of deductibles are the responsibility of Permittee, and, if applicable, its contractor or subcontractors, except for: (a) earth movement including earthquake or flood claims: or (b) all risks claims to the extent damage is not caused by the negligent acts of Permittee, and, if applicable, its contractor or any subcontractor;

6. Include The City of Seattle as loss payee as its interest may appear; and

7. Be endorsed to cover the interests, as they may appear, of contractors and subcontractors of all tiers (if applicable).

G. General Conditions (Not Applicable to Washington State Workers Compensation)

1. Failure on the part of Permittee, and, if applicable, its contractors or subcontractors, to maintain the insurance as required constitutes a material breach of ordinance, on which the City may, after giving five business days’ notice to Permittee, and, if applicable, its contractor or subcontractor, to correct the

breach, may immediately terminate the ordinance or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand.

2. Unless otherwise approved in advance by the City’s Risk Manager in writing, any deductible in excess of \$50,000 or self-insured retention (SIR) in excess of \$50,000 that is not fronted by an insurer must be disclosed and is subject to the City’s Risk Manager’s approval. Upon request by the City, Permittee, and, if applicable, its contractors or subcontractors, must furnish financial information that the City may reasonably require to assess Permittee’s, and, if applicable, its contractor’s or subcontractor’s risk bearing capacity, and must provide a written statement that Permittee, and, if applicable, its contractors or subcontractors, will defend and indemnify the City against any claim within Permittee’s, and, if applicable, its contractor’s or subcontractor’s, SIR and is responsible for the cost of any payments for defense and indemnity falling within the SIR at least to the same extent that coverage would be afforded to the City under the relevant insurance policy meeting the requirements stated herein.

3. Security of Insurers. Insurers shall be licensed to do business in the State of Washington and shall maintain not less than an A- VII A.M. Best’s ratings unless coverage is procured as surplus lines under RCW Chapter 48.15 (“Unauthorized Insurers”).

4. Cancellation. Coverage shall not be cancellable without at least 30 days’ advance written notice of cancellation, except ten days with respect to cancellation for non-payment of premium.

5. Waiver of Subrogation. CGL, Auto, and Employer’s Liability insurance required to be maintained by Permittee hereunder shall contain a waiver of subrogation in favor of the City.

6. CGL Insurance Additional Insured. CGL insurance maintained by Permittee shall include “the City, its officers, elected officials, employees, agents, and volunteers” as additional insureds for primary and non-contributory limits of liability.

7. Certificates of Insurance. The Permittee shall each deliver to the City Certificates of Liability Insurance issued in conformance with prevailing established market practice evidencing compliance with the

minimum levels of coverages and limits of liability and meeting general conditions stated herein, including but not limited to provision for notice of cancellation as specified herein.

8. At any time upon the City's request, Permittee, and, if applicable, its contractors or subcontractors, must forward to the City a true and certified copy of any insurance policy.

9. This Section 10 must survive the expiration or earlier termination of this ordinance.

Within 60 days after the effective date of this ordinance, the Permittee shall provide to the City, or cause to be provided, certification of insurance coverage including an actual copy of the blanket or designated additional insured policy provision per the ISO CG 20 12 endorsement or equivalent. The insurance coverage certification shall be delivered or sent to the Director or to SDOT at an address as the Director may specify in writing from time to time. The Permittee shall provide a certified complete copy of the insurance policy to the City promptly upon request.

If the Permittee is self-insured, a letter of certification from an authorized representative of the Permittee may be submitted in lieu of the insurance coverage certification required by this ordinance, if approved in writing by the City's Risk Manager. The letter of certification must provide all information required by the City's Risk Manager and document, to the satisfaction of the City's Risk Manager, that self-insurance equivalent to the insurance requirements of this ordinance is in force. After a self-insurance certification is approved, the City may from time to time subsequently require updated or additional information. The approved self-insured Permittee must provide 30 days' prior notice of any cancellation or material adverse financial condition of its self-insurance program. The City's Risk Manager may at any time revoke approval of self-insurance; provided that in order to make any such revocation, the City must, in its reasonable discretion, determine that circumstances exist that would materially and adversely affect Permittee's ability to sustain its previously approved self-insurance, and following such revocation, the City shall require the Permittee to obtain and maintain insurance as specified in this ordinance.

In the event that the Permittee assigns or transfers the permission granted by this ordinance, the

Permittee shall maintain in effect the insurance required under this section until the Director has approved the assignment or transfer pursuant to Section 14 of this ordinance.

Notwithstanding anything to the contrary contained herein, any of the insurance required to be held by Permittee pursuant to this ordinance may be covered under an umbrella, blanket, or similar policy.

Section 11. Contractor insurance. The Permittee shall contractually require that all of its contractors performing work on the pipeline system name “The City of Seattle, its officers, officials, employees and agents” as an additional insureds for primary and non-contributory limits of liability on all CGL, Automobile and Pollution liability insurance and/or self-insurance. Permittee shall also include in all contract documents with its contractors performing work on the pipeline system a third-party beneficiary provision extending to the City construction indemnities and warranties granted to Permittee.

Section 12. Performance bond. Within 60 days after the effective date of this ordinance, the Permittee shall deliver to the Director for filing with the City Clerk a sufficient bond executed by a surety company authorized and qualified to do business in the State of Washington that is: in the amount of \$110,000 and conditioned with a requirement that the Permittee shall comply with every provision of this ordinance and with every order the Director issues under this ordinance. The Permittee shall ensure that the bond remains in effect until the Director has issued a certification that the Permittee has fulfilled its removal and restoration obligations under Section 8 of this ordinance. An irrevocable letter of credit approved by the Director in consultation with the City Attorney’s Office may be substituted for the bond. In the event that the Permittee assigns or transfers the permission granted by this ordinance, the Permittee shall maintain in effect the bond or letter of credit required under this section until the Director has approved the assignment or transfer pursuant to Section 14 of this ordinance.

Section 13. Adjustment of insurance and bond requirements. The Director may adjust minimum liability insurance levels and surety bond requirements during the term of this permission. If the Director determines that an adjustment is necessary to fully protect the interests of the City, the Director shall notify the

Permittee of the new requirements in writing. The Permittee shall, within 60 days of the date of the notice, provide proof of the adjusted insurance and surety bond levels to the Director.

Section 14. Consent for and conditions of assignment or transfer. When the Property is transferred, the permission granted by this ordinance shall be assignable and transferable by operation of law pursuant to Section 20 of this ordinance. Prior to transfer, the successor owner of the Property shall accept all of the terms and conditions of the permission granted by this ordinance and the new owner of the Property shall be conferred with the rights and obligations of Permittee by this ordinance. Other than a transfer to a new owner of the Property, Permittee shall not transfer, assign, mortgage, pledge or encumber the same without the Director's consent, which the Director shall not unreasonably refuse. The Director may approve assignment or transfer of the permission granted by this ordinance to a successor entity when the new owner has provided, at the time of the acceptance, the bond and certification of insurance coverage required under this ordinance; and has paid any fees due under Section 15 and Section 17 of this ordinance. Upon the Director's approval of an assignment or transfer, the rights and obligations conferred on the Permittee by this ordinance shall be conferred on the successors and assigns. Any person or entity seeking approval for an assignment or transfer of the permission granted by this ordinance shall provide the Director with a description of the current and anticipated use of the pipeline system.

Section 15. Inspection fees. The Permittee shall, as provided by SMC Chapter 15.76 or successor provision, pay the City the amounts charged by the City to inspect the pipeline system during construction, reconstruction, repair, annual inspections, and at other times deemed necessary by the City. An inspection or approval of the pipeline system by the City shall not be construed as a representation, warranty, or assurance to the Permittee or any other person as to the safety, soundness, or condition of the pipeline system. Any failure by the City to require correction of any defect or condition shall not in any way limit the responsibility or liability of the Permittee.

Section 16. Inspection reports. The Permittee shall submit to the Director, or to SDOT at an address

specified by the Director, an inspection report that:

- A. Describes the physical dimensions and condition of all load-bearing elements;
- B. Describes any damages or possible repairs to any element of the pipeline system;
- C. Prioritizes all repairs and establishes a timeframe for making repairs; and
- D. Is stamped by a professional structural engineer licensed in the State of Washington.

A report meeting the foregoing requirements shall be submitted within 60 days after the effective date of the ordinance; subsequent reports shall be submitted every two years, provided that, in the event of a natural disaster or other event that may have damaged the pipeline system, the Director may require that additional reports be submitted by a date established by the Director. The Permittee has the duty of inspecting and maintaining the pipeline system. The responsibility to submit structural inspection reports periodically or as required by the Director does not waive or alter any of the Permittee's other obligations under this ordinance. The receipt of any reports by the Director shall not create any duties on the part of the Director. Any failure by the Director to require a report, or to require action after receipt of any report, shall not waive or limit the obligations of the Permittee.

Section 17. **Annual fee.** Beginning on the effective date of this ordinance the Permittee shall pay an Issuance Fee, and annually thereafter, the Permittee shall promptly pay to the City, upon statements or invoices issued by the Director, an Annual Renewal Fee, and an Annual Use and Occupation Fee of \$728.43, or as adjusted annually thereafter, for the privileges granted by this ordinance. The Permittee shall also pay, on the effective date of this ordinance, \$5,221.86 in fees accrued but not paid from January 1, 2011, consistent with Ordinance 123485 authorizing fees for significant structure permits, beginning on January 1, 2011.

Adjustments to the Annual Use and Occupation Fee shall be made in accordance with a term permit fee schedule adopted by the City Council and may be made every year. In the absence of a schedule, the Director may only increase or decrease the previous year's fee to reflect any inflationary changes so as to charge the fee in constant dollar terms. This adjustment will be calculated by adjusting the previous year's fee by the

percentage change between the two most recent year-end values available for the Consumer Price Index for the Seattle-Tacoma-Bellevue Area, All Urban Consumers, All Products, Not Seasonally Adjusted. Permittee shall pay any other applicable fees, including fees for reviewing applications to renew the permit after expiration of the first term. All payments shall be made to the City Finance Director for credit to the Transportation Fund.

Section 18. Compliance with other laws. Permittee shall maintain and operate the pipeline system in compliance with all applicable federal, state, County and City laws and regulations. Without limitation, in all matters pertaining to the pipeline system, the Permittee shall comply with the City's laws prohibiting discrimination in employment and contracting including Seattle's Fair Employment Practices Ordinance, Chapter 14.04 SMC, and Fair Contracting Practices Code, Chapter 14.10 SMC (or successor provisions).

Section 19. Acceptance of terms and conditions. The Permittee shall provide evidence of insurance coverage required by Section 10 of this ordinance, the bond as required by Section 12 of this ordinance, and the covenant agreement required by Section 20 of this ordinance within 60 days after the effective date of this ordinance. Continued occupation of the right-of-way constitutes the Permittee's acceptance of the terms of this ordinance.

Section 20. Obligations run with the Property. The obligations and conditions imposed on the Permittee by and through this ordinance are covenants that run with the land and bind subsequent owners of the property adjacent to the pipeline and legally described in Section 1 of this ordinance (the "Property"), regardless of whether the Director has approved assignment or transfer of the permission granted herein to such subsequent owner(s). At the request of the Director, Permittee shall provide to the Director a current title report showing the identity of all owner(s) of the Property and all encumbrances on the Property. The Permittee shall, within 60 days of the effective date of this ordinance, and prior to conveying any interest in the Property, deliver to the Director upon a form to be supplied by the Director, a covenant agreement imposing the obligations and conditions set forth in this ordinance, signed and acknowledged by the Permittee and any other owner(s) of the Property and recorded with the King County Recorder's Office. The Director shall file the

recorded covenant agreement with the City Clerk. The covenant agreement shall reference this ordinance by its ordinance number. At the request of the Director, Permittee shall cause encumbrances on the Property, excluding, for the avoidance of doubt, any encumbrances previously granted by Permittee to be subordinated to the covenant agreement.

Section 21. **Section titles.** Section titles are for convenient reference only and do not modify or limit the text of a section.

Section 22. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the _____ day of _____, 2023, and signed by me in open session in authentication of its passage this ____ day of _____, 2023.

President _____ of the City Council

Approved / returned unsigned / vetoed this ____ day of _____, 2023.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2023.

Elizabeth M. Adkisson, Interim City Clerk

(Seal)

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact:	CBO Contact:
Seattle Department of Transportation	Amy Gray	Christie Parker

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE granting SeaPort Midstream Partners, LLC permission to maintain and operate a pipeline system in, under, along, and across Southwest Florida Street, between 13th Avenue Southwest and 16th Avenue Southwest, for a 30-year term, renewable for two successive 15-year terms; specifying the conditions under which this permit is granted; and providing for the acceptance of the permit and conditions.

Summary and Background of the Legislation:

This legislation allows SeaPort Midstream Partners, LLC to continue maintaining and operating a pipeline system in, under, along, and across Southwest Florida Street, between 13th Avenue Southwest and 16th Avenue Northwest. The pipeline system permit is for a period of thirty years, commencing on the effective date of the ordinance. The permit may be extended for two successive 15-year terms. The legislation specifies the conditions under which permission is granted.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? Yes X No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? X Yes No

Appropriation change (\$):	General Fund \$		Other \$	
	2023	2024	2023	2024
	\$0	\$0	\$0	\$0
Estimated revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2023	2024	2023	2024
	\$0	\$0	Annual Fee: \$728.43 Accrued Annual Fees: \$5,221.86	TBD
Positions affected:	No. of Positions		Total FTE Change	
	2023	2024	2023	2024
	0	0	0	0

Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

No

Are there financial costs or other impacts of *not* implementing the legislation?

If the legislation is not enacted by City Council, the City of Seattle will not receive the 2023 Annual Fee of \$728.43, nor the accrued fees of \$5,221.86 from 2011 to 2022, and any ongoing fees.

3.a. Appropriations

This legislation adds, changes, or deletes appropriations.

3.b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from This Legislation:

Fund Name and Number	Dept	Revenue Source	2023 Revenue	2024 Estimated Revenue
Transportation Fund (13000)	SDOT	Annual fee and accrued fees	\$5,950.29	TBD
TOTAL			\$5,950.29	TBD

Is this change one-time or ongoing?

Ongoing

Revenue/Reimbursement Notes:

The 2023 fee is based on the 2023 land value as assessed by King County. The 2011-2022 fees are based on the land assessed values by King County for the specific years.

3.c. Positions

This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?

No.

b. Is a public hearing required for this legislation?

No.

c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No.

d. Does this legislation affect a piece of property?

Yes, the SeaPort Midstream Partners, LLC property legally described in Section 1 of the Council Bill.

e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

This legislation does not have any implications for the principles of the Race and Social Justice Initiative and does not impact vulnerable or historically disadvantaged communities.

f. Climate Change Implications

1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?

This legislation is for an existing petroleum pipeline. An increase or decrease in carbon emissions in a material way is unlikely.

2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

No.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?

N/A

Summary Attachments:

Summary Attachment A - SeaPort Midstream Partners LLC Pipeline System Area Map
Summary Attachment B - SeaPort Midstream Partners LLC Pipeline System Annual Fee
Assessment Summary

SeaPort Midstream Partners LLC Pipeline System Area Map



Map is for informational purposes only and is not intended to modify or supplement the legal description(s) in the Ordinance.

SeaPort Midstream Partners LLC Pipeline System Annual Fee Assessment Summary

STREET USE ANNUAL FEE ASSESSMENT

Date: 12/5/2022

<p><u>Summary:</u> Land Value: \$35.00/SF 2023 Permit Fee: \$728.43</p>
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I. Property Description:

Existing pipeline system in, under, along, and across SW Florida St, between 13th Ave SW and 16th Ave SW. The pipeline system transports petroleum products below-grade to two oil plant facilities. The pipeline system area is **925 square feet**.

Applicant:

TransMontaigne Partners LLC

Abutting Parcels, Property Size, Assessed Value:

2023

Parcel 7666702900; Lot size: 557,420 square feet
Tax year 2023 Appraised Land Value \$19,509,700 (\$35/square foot)

Parcel 7666701690; Lot size: 81,254 square feet
Tax year 2023 Appraised Land Value \$2,843,800 (\$35/square foot)

Parcel 7666702850; Lot size: 1,213,449 square feet
Tax year 2023 Appraised Land Value \$42,470,700 (\$35/square foot)

Parcel 7671800251; Lot size: 106,100 square feet
Tax year 2023 Appraised Land Value \$3,713,500 (\$35/square foot)

Average 2023 Tax Assessed Land Value: \$35/SF

2022

Parcel 7666702900; Lot size: 557,420 square feet
Tax year 2022 Appraised Land Value \$19,509,700 (\$35/square foot)

Parcel 7666701690; Lot size: 81,254 square feet
Tax year 2022 Appraised Land Value \$2,843,800 (\$35/square foot)

Parcel 7666702850; Lot size: 1,213,449 square feet
Tax year 2022 Appraised Land Value \$39,031,000 (\$32.17/square foot)

Parcel 7671800251; Lot size: 106,100 square feet
Tax year 2022 Appraised Land Value \$3,713,500 (\$35/square foot)

Average 2022 Tax Assessed Land Value: \$34.29/SF

2021

Parcel 7666702900; Lot size: 557,420 square feet
Tax year 2021 Appraised Land Value \$19,509,700 (\$35/square foot)

Parcel 7666701690; Lot size: 81,254 square feet
Tax year 2021 Appraised Land Value \$2,843,800 (\$35/square foot)

Parcel 7666702850; Lot size: 1,213,449 square feet
Tax year 2021 Appraised Land Value \$39,197,700 (\$32.30/square foot)

Parcel 7671800251; Lot size: 106,100 square feet
Tax year 2021 Appraised Land Value \$3,713,500 (\$35/square foot)

Average 2021 Tax Assessed Land Value: \$34.33/SF

2020

Parcel 7666702900; Lot size: 557,420 square feet
Tax year 2020 Appraised Land Value \$13,935,500 (\$25/square foot)

Parcel 7666701690; Lot size: 81,254 square feet
Tax year 2020 Appraised Land Value \$1,816,400 (\$22.35/square foot)

Parcel 7666702850; Lot size: 1,213,449 square feet
Tax year 2020 Appraised Land Value \$33,548,100 (\$27.65/square foot)

Parcel 7671800251; Lot size: 106,100 square feet
Tax year 2020 Appraised Land Value \$2,652,500 (\$25/square foot)

Average 2020 Tax Assessed Land Value: \$25/SF

2019

Parcel 7666702900; Lot size: 557,420 square feet
Tax year 2019 Appraised Land Value \$13,935,500 (\$25/square foot)

Parcel 7666701690; Lot size: 81,254 square feet
Tax year 2019 Appraised Land Value \$1,816,400 (\$22.35/square foot)

Parcel 7666702850; Lot size: 1,213,449 square feet
Tax year 2019 Appraised Land Value \$33,126,200 (\$27.30/square foot)

Parcel 7671800251; Lot size: 106,100 square feet
Tax year 2019 Appraised Land Value \$2,652,500 (\$25/square foot)

Average 2019 Tax Assessed Land Value: \$24.91/SF

2018

Parcel 7666702900; Lot size: 557,420 square feet
Tax year 2018 Appraised Land Value \$11,148,400 (\$20/square foot)

Parcel 7666701690; Lot size: 81,254 square feet
Tax year 2018 Appraised Land Value \$1,453,100 (\$17.88/square foot)

Parcel 7666702850; Lot size: 1,213,449 square feet
Tax year 2018 Appraised Land Value \$20,948,700 (\$17.26/square foot)

Parcel 7671800251; Lot size: 106,100 square feet
Tax year 2018 Appraised Land Value \$2,122,000 (\$20/square foot)

Average 2018 Tax Assessed Land Value: \$18.79/SF

2017

Parcel 7666702900; Lot size: 557,420 square feet
Tax year 2017 Appraised Land Value \$10,033,500 (\$18/square foot)

Parcel 7666701690; Lot size: 81,254 square feet
Tax year 2017 Appraised Land Value \$1,089,800 (\$13.41/square foot)

Parcel 7666702850; Lot size: 1,213,449 square feet
Tax year 2017 Appraised Land Value \$16,523,600 (\$13.62/square foot)

Parcel 7671800251; Lot size: 106,100 square feet
Tax year 2017 Appraised Land Value \$1,909,800 (\$18/square foot)

Average 2017 Tax Assessed Land Value: \$15.76/SF

2016

Parcel 7666702900; Lot size: 557,420 square feet
Tax year 2016 Appraised Land Value \$8,361,300 (\$15/square foot)

Parcel 7666701690; Lot size: 81,254 square feet
Tax year 2016 Appraised Land Value \$1,089,800 (\$13.41/square foot)

Parcel 7666702850; Lot size: 1,213,449 square feet
Tax year 2016 Appraised Land Value \$12,479,900 (\$10.28/square foot)

Parcel 7671800251; Lot size: 106,100 square feet
Tax year 2016 Appraised Land Value \$1,591,500 (\$15/square foot)

Average 2016 Tax Assessed Land Value: \$13.42/SF

2015

Parcel 7666702900; Lot size: 557,420 square feet
Tax year 2015 Appraised Land Value \$8,361,300 (\$15/square foot)

Parcel 7666701690; Lot size: 81,254 square feet
Tax year 2015 Appraised Land Value \$1,089,800 (\$13.41/square foot)

Parcel 7666702850; Lot size: 1,213,449 square feet
Tax year 2015 Appraised Land Value \$14,569,300 (\$12.01/square foot)

Parcel 7671800251; Lot size: 106,100 square feet

Tax year 2015 Appraised Land Value \$1,591,500 (\$15/square foot)

Average 2015 Tax Assessed Land Value: \$13.85/SF

2014

Parcel 7666702900; Lot size: 557,420 square feet
Tax year 2014 Appraised Land Value \$8,361,300 (\$15/square foot)

Parcel 7666701690; Lot size: 81,254 square feet
Tax year 2014 Appraised Land Value \$1,089,800 (\$13.41/square foot)

Parcel 7666702850; Lot size: 1,213,449 square feet
Tax year 2014 Appraised Land Value \$14,180,000 (\$11.69/square foot)

Parcel 7671800251; Lot size: 106,100 square feet
Tax year 2014 Appraised Land Value \$1,591,500 (\$15/square foot)

Average 2014 Tax Assessed Land Value: \$13.77/SF

2013

Parcel 7666702900; Lot size: 557,420 square feet
Tax year 2013 Appraised Land Value \$8,361,300 (\$15/square foot)

Parcel 7666701690; Lot size: 81,254 square feet
Tax year 2013 Appraised Land Value \$1,089,800 (\$13.41/square foot)

Parcel 7666702850; Lot size: 1,213,449 square feet
Tax year 2013 Appraised Land Value \$13,783,300 (\$11.36/square foot)

Parcel 7671800251; Lot size: 106,100 square feet
Tax year 2013 Appraised Land Value \$1,591,500 (\$15/square foot)

Average 2013 Tax Assessed Land Value: \$13.69/SF

2012

Parcel 7666702900; Lot size: 557,420 square feet
Tax year 2012 Appraised Land Value \$8,361,300 (\$15/square foot)

Parcel 7666701690; Lot size: 81,254 square feet
Tax year 2012 Appraised Land Value \$1,089,800 (\$13.41/square foot)

Parcel 7666702850; Lot size: 1,213,449 square feet
Tax year 2012 Appraised Land Value \$13,457,600 (\$11.09/square foot)

Parcel 7671800251; Lot size: 106,100 square feet
Tax year 2012 Appraised Land Value \$1,591,500 (\$15/square foot)

Average 2012 Tax Assessed Land Value: \$13.63/SF

2011

Parcel 7666702900; Lot size: 557,420 square feet
Tax year 2011 Appraised Land Value \$8,361,300 (\$15/square foot)

Parcel 7666701690; Lot size: 81,254 square feet
Tax year 2011 Appraised Land Value \$1,089,800 (\$13.41/square foot)

Parcel 7666702850; Lot size: 1,213,449 square feet
Tax year 2011 Appraised Land Value \$14,171,500 (\$11.68/square foot)

Parcel 7671800251; Lot size: 106,100 square feet
Tax year 2011 Appraised Land Value \$1,591,500 (\$15/square foot)

Average 2011 Tax Assessed Land Value: \$13.77/SF

II. Annual Fee Assessment:

The 2023 permit fee is calculated as follows:

Pipeline:

$(\$35.00/\text{SF}) \times (925 \text{ SF}) \times (30\%) \times (7.5\%) = \728.43 where 30% is the degree of alienation for a below-grade structure and 7.5%¹ is the annual rate of return.

Annual fees for prior years are:

2022.....	\$761.26
2021	\$762.02
2020	\$555.01
2019	\$553.08
2018	\$417.07
2017	\$349.81
2016	\$289.02
2015	\$307.57
2014	\$305.79
2013	\$303.98
2012	\$302.49

Total Fees 2023-2012: \$5,950.29

Fee methodology authorized under Ordinance 123485, as amended by Ordinances 123585, 123907, and 124532.

¹ Prior to January 1, 2023, the City of Seattle’s annual rate of return was 8%.

April 26, 2023

MEMORANDUM

To: Transportation and Seattle Public Utilities Committee
From: Lish Whitson, Analyst
Subject: Council Bill 120543 – SeaPort Midstream Partners Pipeline

On May 2, 2023, the Transportation and Seattle Public Utilities Committee (Committee) will discuss and possibly vote on [Council Bill \(CB\) 120543](#), which would repermit a pipeline system in the SW Florida Street right-of-way between 13th Avenue SW and 16th Avenue SW (Council District 1). Four pipelines, owned by SeaPort Midstream Partners, LLC (SeaPort), are located in a 10-foot-wide strip of land in, under, along and across SW Florida St on Harbor Island. The pipeline system connects two oil storage plant facilities owned by SeaPort. The legislation would renew an existing permit for a 15-year term, which could be renewed once.

This memorandum describes the term permit repermitting process and the pipeline permit.

Significant Structure Term Permit Renewals

Significant structures are structures that have “a long-anticipated duration of encroachment, impede the City’s or public’s flexibility in the use of the public place, or are necessary for the functioning of other property of the permittee.” Examples include tunnels below streets that provide utility, pedestrian, or vehicular access between private properties; public art placed in right-of-way; and overhead structures attached to buildings. [Seattle Municipal Code \(SMC\) Chapter 15.65](#) establishes the procedures and criteria for repermitting a term permit for significant structures once the original term of approval has ended.

[SMC 15.65.077](#) states:

Upon completion of final review of an application to continue to maintain and operate an existing significant structure upon expiration of the term of the permission (including any authorized renewals), the Director of Transportation shall transmit a final recommendation to the City Council for its decision to grant or deny the application for a term permit to continue to maintain and operate an existing significant structure. The Council shall include in its consideration those elements set out in subsection [15.65.076.C](#). The City Council shall not approve an application to continue to maintain and operate an existing significant structure upon term expiration unless it finds that continued maintenance and operation of the structure is in the public interest and no reasonable alternative to the structure exists.

[Section 15.65.080](#) provides the terms and conditions that may be included in a term permit ordinance. These include, but are not limited to:

- the term of years that permission is granted and renewal periods, if any;
- provision for regular inspection of and procedures for closure or removal of the structure;
- requirements for performance bonds, public liability insurance, indemnification, conformance with other laws, and annual fees;
- prohibition against assignment without City consent;
- a requirement for execution and recording of a covenant ensuring that obligations and conditions imposed on the permittee run with the land, where applicable;
- public benefit mitigation elements; and
- timely acceptance of permission.

The current practice of the Seattle Department of Transportation (SDOT) is to recommend 15-year permits that can be extended for one additional 15-year term, and then need further Council approval to continue.

SW Florida Street Pipeline System

SeaPort operates two oil storage facilities on Harbor Island located on the north and south sides of SW Florida Street. They currently have a term permit for a pipeline system that occupies a ten-foot-wide section of the street right-of-way between 13th Avenue SW and 16th Avenue SW. The proposed bill would allow SeaPort, or future assignees, to continue to operate, renew, repair, and change the size and number of the pipelines, or remove the pipelines.

Permission for pipelines in the Florida Street right-of-way was first granted to The Texas Company in 1947 through [Ordinance 75817](#). Separate approval was granted in 1956 to the Richfield Oil Corporation under [Ordinance 85730](#). Ordinance 85730 was superseded and permission for the pipelines was granted to the Atlantic Richfield Corporation under [Ordinance 110519](#), which was amended by [Ordinance 119397](#) and renewed by [Resolution 28646](#). Approvals under these bills ended on December 31, 2001. However, the provisions of Ordinance 110519, as amended, remain in effect until the pipelines are removed by the permittee or the City requires removal of the pipelines. Between 2001 and today, ownership of the oil storage facilities and the pipelines transferred to SeaPort, who continue to operate under Ordinance 110519, as amended.

This bill grants a new permit to the current owners of the pipelines, SeaPort Midstream Partners, LLC. Permission would be for a 15-year term, renewable once. The bill is comparable to other term permit bills, except that the insurance requirements in CB 120543 are higher than those for other types of term permits. For example, Section 10.D. of the bill requires that the permittee acquire a pollution liability insurance policy and provide it to the City.

Next Steps

If the Committee recommends approval of CB 120543 at its May 2 meeting, it could be considered by the City Council as early as May 9.

cc: Esther Handy, Director
Aly Pennucci, Deputy Director
Yolanda Ho, Supervising Analyst



SeaPort Midstream Partners Pipeline Renewal

Council Transportation & Seattle Public Utilities Committee

Presentation overview



- SeaPort Midstream Partners, LLC is seeking to renew a permit for an existing pipeline system under SW Florida St, between 13th Ave SW and 16th Ave SW
- There has been a pipeline in this location since 1956
- The pipeline system transmits petroleum products between their oil storage facilities on Harbor Island
- SDOT recommends approval of the term permit renewal

Term permit process - permit renewals

Ordinance Passage:

- Renews the permit for 30 years
- Details the terms and conditions of the permit, including:
 - a) Annual fee
 - b) Maintenance obligations
 - c) Indemnification, insurance, and bond requirements.

Project neighborhood - Harbor Island



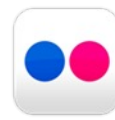
Requested action

- SDOT is seeking Council approval of this Council Bill for the existing pipeline system
- If the ordinance is approved, this permit will be renewed through 2053, and may be renewed for two additional 15-year terms

Questions?

amy.gray@seattle.gov | (206) 386-4638

www.seattle.gov/transportation





Legislation Text

File #: CB 120544, **Version:** 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

AN ORDINANCE granting Qwest Corporation permission to continue maintaining and operating an existing utility tunnel under and across Seneca Street, east of 3rd Avenue; repealing Section 8 of Ordinance 123615; and providing for the acceptance of the permit and conditions.

WHEREAS, by Ordinance 123615, The City of Seattle granted permission to Qwest Corporation to maintain and operate a utility tunnel under and across Seneca Street, east of 3rd Avenue, for a ten-year term, renewable for two successive ten-year terms; and

WHEREAS, since the adoption of Ordinance 123615, The City of Seattle has established a practice for limiting the length of permit to one 15-year term, renewable for one successive 15-year term; and

WHEREAS, reflective of this change, Qwest Corporation submitted an application to the Director of Transportation to renew the permission granted by Ordinance 123615 for a 15-year term; and

WHEREAS, the permission authorized by Ordinance 123615 was due for renewal on July 6, 2020; and

WHEREAS, the utility tunnel provides a diesel fuel connection between 1122 3rd Avenue and 1200 3rd Avenue; and

WHEREAS, the obligations of Ordinance 123615 remain in effect after the ordinance term expires until the encroachment is removed, or Qwest Corporation is relieved of the obligations by the Seattle Department of Transportation Director, or the Seattle City Council passes a new ordinance to renew the permission granted; and

WHEREAS, Qwest Corporation has satisfied all the terms of the original authorizing ordinance and the Director of Transportation recommends that the term permit be renewed for 15 years subject to the

terms identified in this ordinance; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. **Permission.** Subject to the terms and conditions of this ordinance, The City of Seattle (“City”) grants permission (also referred to in this ordinance as a “permit”) to Qwest Corporation, and its successors and assigns as approved by the Director of the Seattle Department of Transportation (“Director”) according to Section 14 of this ordinance (the party named above and each such approved successor and assign are referred to as “Permittee”), to continue maintaining and operating an existing utility tunnel under and across Seneca Street, east of 3rd Avenue. The utility tunnel is adjacent in whole or in part to the properties legally described as:

Units 1A, 2A, 3A, 4A, 5A, 6A, 6B, 7B, 8A, 9B, 10A, 11A, 12B, 13B, 14A, 14B and 15A of 1122 3rd Avenue, Parcel 319, a Condominium, according to the Survey Map and Plans recorded in Volume 67 of Condominiums, Pages 4 through 23, Recording Number 8401090688, as amended by Amendment No. 1 thereto recorded in Volume 100 of Condominiums, Pages 53 through 57 under Recording Number 9008200954;

and according to the Declaration and Covenants, Conditions, Restrictions, Easements and Reservations for 1122 3rd Avenue, Parcel 319, a Condominium, recorded on January 09, 1984, under Recording Number 8401090689, as amended by Amendment No. 1 thereto recorded under Recording Number 9008200955.

Section 2. **Term.** The permission granted to the Permittee is for a second and final renewed term of 15 years starting on the effective date of this ordinance, and ending at 11:59 p.m. on the last day of the fifteenth year. This second and final term shall not exceed 30 years total from the term authorized in Ordinance 123615, subject to the right of the City to require the removal of the utility tunnel or to revise by ordinance any of the terms and conditions of the permission granted by this ordinance. The Permittee shall submit any application for a new permission no later than one year prior to the expiration of the then-existing term.

Section 3. **Protection of utilities.** The permission granted is subject to the Permittee bearing the expense of any protection, support, or relocation of existing utilities deemed necessary by the owners of the utilities, and the Permittee being responsible for any damage to the utilities due to the construction, repair,

reconstruction, maintenance, operation, or removal of the utility tunnel and for any consequential damages that may result from any damage to utilities or interruption in service caused by any of the foregoing.

Section 4. **Removal for public use or for cause.** The permission granted is subject to use of the street right-of-way or other public place (collectively, “public place”) by the City and the public for travel, utility purposes, and other public uses or benefits. The City expressly reserves the right to deny renewal, or terminate the permission at any time prior to expiration of the initial term or any renewal term, and require the Permittee to remove the utility tunnel, or any part thereof or installation on the public place, at the Permittee’s sole cost and expense if:

A. The City Council determines by ordinance that the space occupied by the utility tunnel is necessary for any public use or benefit or that the utility tunnel interferes with any public use or benefit; or

B. The Director determines that use of the utility tunnel has been abandoned; or

C. The Director determines that any term or condition of this ordinance has been violated, and the violation has not been corrected by the Permittee by the compliance date after a written request by the City to correct the violation (unless a notice to correct is not required due to an immediate threat to the health or safety of the public).

A City Council determination that the space is needed for, or the utility tunnel interferes with, a public use or benefit is conclusive and final without any right of the Permittee to resort to the courts to adjudicate the matter.

Section 5. **Permittee’s obligation to remove and restore.** If the permission granted is not renewed at the expiration of a term, or if the permission expires without an application for a new permission being granted, or if the City terminates the permission, then within 90 days after the expiration or termination of the permission, or prior to any earlier date stated in an ordinance or order requiring removal of the utility tunnel, the Permittee shall, at its own expense, remove the utility tunnel and all of the Permittee’s equipment and property from the public place and replace and restore all portions of the public place that may have been disturbed for any part of the utility tunnel in as good condition for public use as existed prior to construction of

the utility tunnel and in at least as good condition in all respects as the abutting portions of the public place as required by Seattle Department of Transportation (SDOT) right-of-way restoration standards.

Failure to remove the utility tunnel as required by this section is a violation of Chapter 15.90 of the Seattle Municipal Code (SMC) or successor provision; however, applicability of Chapter 15.90 does not eliminate any remedies available to the City under this ordinance or any other authority. If the Permittee does not timely fulfill its obligations under this section, the City may in its sole discretion remove the utility tunnel and restore the public place at the Permittee's expense and collect such expense in any manner provided by law.

Upon the Permittee's completion of removal and restoration in accordance with this section, or upon the City's completion of the removal and restoration and the Permittee's payment to the City for the City's removal and restoration costs, the Director shall then issue a certification that the Permittee has fulfilled its removal and restoration obligations under this ordinance. Upon prior notice to the Permittee and entry of written findings that it is in the public interest, the Director may, in the Director's sole discretion, conditionally or absolutely excuse the Permittee from compliance with all or any of the Permittee's obligations under this section.

Section 6. **Repair or reconstruction.** The utility tunnel shall remain the exclusive responsibility of the Permittee and the Permittee shall maintain the utility tunnel in good and safe condition for the protection of the public. The Permittee shall not reconstruct or repair the utility tunnel except in strict accordance with plans and specifications approved by the Director. The Director may, in the Director's judgment, order the utility tunnel reconstructed or repaired at the Permittee's cost and expense: because of the deterioration of the utility tunnel; because of the installation, construction, reconstruction, maintenance, operation, or repair of any municipally owned public utilities; or for any other cause.

Section 7. **Failure to correct unsafe condition.** After written notice to the Permittee and failure of the Permittee to correct an unsafe condition within the time stated in the notice, the Director may order the utility tunnel be removed at the Permittee's expense if the Director deems that the utility tunnel creates a risk of injury to the public. If there is an immediate threat to the health or safety of the public, a notice to correct is not

required.

Section 8. **Continuing obligations.** Notwithstanding termination or expiration of the permission granted, or removal of the utility tunnel, the Permittee shall remain bound by all of its obligations under this ordinance until the Director has issued a certification that the Permittee has fulfilled its removal and restoration obligations under Section 5 of this ordinance, or the Seattle City Council passes a new ordinance to renew the permission granted and/or establish a new term. Notwithstanding the issuance of that certification, the Permittee shall continue to be bound by the obligations in Section 9 of this ordinance and shall remain liable for any unpaid fees assessed under Section 15 and Section 17 of this ordinance.

Section 9. **Release, hold harmless, indemnification, and duty to defend.** The Permittee, by accepting the terms of this ordinance, releases the City, its officials, officers, employees, and agents from any and all claims, actions, suits, liability, loss, costs, expense, attorneys' fees, or damages of every kind and description arising out of or by reason of the utility tunnel or this ordinance, including but not limited to claims resulting from injury, damage, or loss to the Permittee or the Permittee's property.

The Permittee agrees to at all times defend, indemnify, and hold harmless the City, its officials, officers, employees, and agents from and against all claims, actions, suits, liability, loss, costs, expense, attorneys' fees, or damages of every kind and description, excepting only damages that may result from the sole negligence of the City, that may accrue to, be asserted by, or be suffered by any person or property including, without limitation, damage, death, or injury to members of the public or to the Permittee's officers, agents, employees, contractors, invitees, tenants, tenants' invitees, licensees, or successors and assigns, arising out of or by reason of:

A. The existence, condition, construction, reconstruction, modification, maintenance, operation, use, or removal of the utility tunnel, or any portion thereof, or the use, occupation, or restoration of the public place or any portion thereof by the Permittee or any other person or entity;

B. Anything that has been done or may at any time be done by the Permittee by reason of this

ordinance; or

C. The Permittee failing or refusing to strictly comply with every provision of this ordinance; or arising out of or by reason of the utility tunnel or this ordinance in any other way.

If any suit, action, or claim of the nature described above is filed, instituted, or begun against the City, the Permittee shall upon notice from the City defend the City, with counsel acceptable to the City, at the sole cost and expense of the Permittee, and if a judgment is rendered against the City in any suit or action, the Permittee shall fully satisfy the judgment within 90 days after the action or suit has been finally determined, if determined adversely to the City. If it is determined by a court of competent jurisdiction that Revised Code of Washington (RCW) 4.24.115 applies to this ordinance, then in the event claims or damages are caused by or result from the concurrent negligence of the City, its agents, contractors, or employees, and the Permittee, its agents, contractors, or employees, this indemnity provision shall be valid and enforceable only to the extent of the negligence of the Permittee or the Permittee's agents, contractors, or employees.

Section 10. **Insurance.** For as long as the Permittee exercises any permission granted by this ordinance and until the Director has issued a certification that the Permittee has fulfilled its removal and restoration obligations under Section 5 of this ordinance, the Permittee shall obtain and maintain in full force and effect, at its own expense, insurance and/or self-insurance that protects the Permittee and the City from claims and risks of loss from perils that can be insured against under commercial general liability (CGL) insurance policies in conjunction with:

A. Construction, reconstruction, modification, operation, maintenance, use, existence, or removal of the utility tunnel, or any portion thereof, as well as restoration of any disturbed areas of the public place in connection with removal of the utility tunnel;

B. The Permittee's activity upon or the use or occupation of the public place described in Section 1 of this ordinance; and

C. Claims and risks in connection with activities performed by the Permittee by virtue of the permission

granted by this ordinance.

Minimum insurance requirements are CGL insurance written on an occurrence form at least as broad as the Insurance Services Office (ISO) CG 00 01. The City requires insurance coverage to be placed with an insurer admitted and licensed to conduct business in Washington State or with a surplus lines carrier pursuant to chapter 48.15 RCW. If coverage is placed with any other insurer or is partially or wholly self-insured, such insurer(s) or self-insurance is subject to approval by the City's Risk Manager.

Minimum limits of liability shall be \$5,000,000 per Occurrence; \$10,000,000 General Aggregate; \$5,000,000 Products/Completed Operations Aggregate, including Premises Operations; Personal/Advertising Injury; Contractual Liability. Coverage shall include "The City of Seattle, its officers, officials, employees and agents" as additional insureds for primary and non-contributory limits of liability subject to a Separation of Insureds clause.

Within 60 days after the effective date of this ordinance, the Permittee shall provide to the City, or cause to be provided, certification of insurance coverage including an actual copy of the blanket or designated additional insured policy provision per the ISO CG 20 12 endorsement or equivalent. The insurance coverage certification shall be delivered or sent to the Director or to SDOT at an address as the Director may specify in writing from time to time. The Permittee shall provide a certified complete copy of the insurance policy to the City promptly upon request.

If the Permittee is self-insured, a letter of certification from the Corporate Risk Manager may be submitted in lieu of the insurance coverage certification required by this ordinance, if approved in writing by the City's Risk Manager. The letter of certification must provide all information required by the City's Risk Manager and document, to the satisfaction of the City's Risk Manager, that self-insurance equivalent to the insurance requirements of this ordinance is in force. After a self-insurance certification is approved, the City may from time to time subsequently require updated or additional information. The approved self-insured Permittee must provide 30 days' prior notice of any cancellation or material adverse financial condition of its

self-insurance program. The City may at any time revoke approval of self-insurance and require the Permittee to obtain and maintain insurance as specified in this ordinance.

In the event that the Permittee assigns or transfers the permission granted by this ordinance, the Permittee shall maintain in effect the insurance required under this section until the Director has approved the assignment or transfer pursuant to Section 14 of this ordinance.

Section 11. Contractor insurance. The Permittee shall contractually require that any and all of its contractors performing work on any premises contemplated by this permit name “The City of Seattle, its officers, officials, employees and agents” as additional insureds for primary and non-contributory limits of liability on all CGL, Automobile, and Pollution liability insurance and/or self-insurance. The Permittee shall also include in all contract documents with its contractors a third-party beneficiary provision extending to the City construction indemnities and warranties granted to the Permittee.

Section 12. Performance bond. Within 60 days after the effective date of this ordinance, the Permittee shall deliver to the Director for filing with the City Clerk a sufficient bond executed by a surety company authorized and qualified to do business in the State of Washington, in the amount of \$45,000 and conditioned with a requirement that the Permittee shall comply with every provision of this ordinance and with every order the Director issues under this ordinance. The Permittee shall ensure that the bond remains in effect until the Director has issued a certification that the Permittee has fulfilled its removal and restoration obligations under Section 5 of this ordinance. An irrevocable letter of credit approved by the Director in consultation with the City Attorney’s Office may be substituted for the bond. In the event that the Permittee assigns or transfers the permission granted by this ordinance, the Permittee shall maintain in effect the bond or letter of credit required under this section until the Director has approved the assignment or transfer pursuant to Section 14 of this ordinance.

Section 13. Adjustment of insurance and bond requirements. The Director may adjust minimum liability insurance levels and surety bond requirements during the term of this permission. If the Director

determines that an adjustment is necessary to fully protect the interests of the City, the Director shall notify the Permittee of the new requirements in writing. The Permittee shall, within 60 days of the date of the notice, provide proof of the adjusted insurance and surety bond levels to the Director.

Section 14. **Consent for and conditions of assignment or transfer.** When the Property is transferred, the permission granted by this ordinance shall be assignable and transferable by operation of law pursuant to Section 20 of this ordinance. Continued occupation of the right-of-way constitutes the Permittee's acceptance of the terms of this ordinance, and the new owner shall be conferred with the rights and obligations of the Permittee by this ordinance. Other than a transfer to a new owner of the Property, the Permittee shall not transfer, assign, mortgage, pledge, or encumber the same without the Director's consent, which the Director shall not unreasonably refuse. The Director may approve assignment or transfer of the permission granted by this ordinance to a successor entity only if the successor or assignee has provided, at the time of the assignment or transfer, the bond and certification of insurance coverage required under this ordinance, and has paid any fees due under Section 15 and Section 17 of this ordinance. Upon the Director's approval of an assignment or transfer, the rights and obligations conferred on the Permittee by this ordinance shall be conferred on the successors and assigns. Any person or entity seeking approval for an assignment or transfer of the permission granted by this ordinance shall provide the Director with a description of the current and anticipated use of the utility tunnel.

Section 15. **Inspection fees.** The Permittee shall, as provided by Chapter 15.76 SMC or successor provision, pay the City the amounts charged by the City to inspect the utility tunnel during construction, reconstruction, repair, annual safety inspections, and at other times deemed necessary by the City. An inspection or approval of the utility tunnel by the City shall not be construed as a representation, warranty, or assurance to the Permittee or any other person as to the safety, soundness, or condition of the utility tunnel. Any failure by the City to require correction of any defect or condition shall not in any way limit the responsibility or liability of the Permittee.

Section 16. **Inspection reports.** The Permittee shall submit to the Director, or to SDOT at an address specified by the Director, an inspection report that:

- A. Describes the physical dimensions and condition of all load-bearing elements;
- B. Describes any damages or possible repairs to any element of the utility tunnel;
- C. Prioritizes all repairs and establishes a timeframe for making repairs; and
- D. Is stamped by a professional structural engineer licensed in the State of Washington.

A report meeting the foregoing requirements shall be submitted within 60 days after the effective date of this ordinance; subsequent reports shall be submitted every two years, provided that, in the event of a natural disaster or other event that may have damaged the utility tunnel, the Director may require that additional reports be submitted by a date established by the Director. The Permittee has the duty of inspecting and maintaining the utility tunnel. The responsibility to submit structural inspection reports periodically or as required by the Director does not waive or alter any of the Permittee's other obligations under this ordinance. The receipt of any reports by the Director shall not create any duties on the part of the Director. Any failure by the Director to require a report, or to require action after receipt of any report, shall not waive or limit the obligations of the Permittee.

Section 17. **Annual fee.** Beginning on the effective date of this ordinance the Permittee shall pay an Issuance Fee, and annually thereafter, the Permittee shall promptly pay to the City, upon statements or invoices issued by the Director, an Annual Renewal Fee, and an Annual Use and Occupation Fee of \$23,924, or as adjusted annually thereafter, for the privileges granted by this ordinance.

Adjustments to the Annual Use and Occupation Fee shall be made in accordance with a term permit fee schedule adopted by the City Council and may be made every year. In the absence of a schedule, the Director may only increase or decrease the previous year's fee to reflect any inflationary changes so as to charge the fee in constant dollar terms. This adjustment will be calculated by adjusting the previous year's fee by the percentage change between the two most recent year-end values available for the Consumer Price Index for the

Seattle-Tacoma-Bellevue Area, All Urban Consumers, All Products, Not Seasonally Adjusted. Permittee shall pay any other applicable fees, including fees for reviewing applications to renew the permit after expiration of the first term. All payments shall be made to the City Finance Director for credit to the Transportation Fund.

Section 18. Compliance with other laws. The Permittee shall construct, maintain, and operate the utility tunnel in compliance with all applicable federal, state, County, and City laws and regulations. Without limitation, in all matters pertaining to the utility tunnel, the Permittee shall comply with the City's laws prohibiting discrimination in employment and contracting including Seattle's Fair Employment Practices Ordinance, Chapter 14.04 SMC, and Fair Contracting Practices Code, Chapter 14.10 SMC (or successor provisions).

Section 19. Acceptance of terms and conditions. The Permittee shall provide evidence of insurance coverage required by Section 10 of this ordinance, the bond as required by Section 12 of this ordinance, and the covenant agreement required by Section 20 of this ordinance within 60 days after the effective date of this ordinance. Continued occupation of the right-of-way constitutes the Permittee's acceptance of the terms of this ordinance.

Section 20. Obligations run with the Property. The obligations and conditions imposed on the Permittee by and through this ordinance are covenants that run with the land and bind subsequent owners of the property adjacent to the utility tunnel and legally described in Section 1 of this ordinance (the "Property"), regardless of whether the Director has approved assignment or transfer of the permission granted herein to such subsequent owner(s). At the request of the Director, the Permittee shall provide to the Director a current title report showing the identity of all owner(s) of the Property and all encumbrances on the Property. The Permittee shall, within 60 days of the effective date of this ordinance, and prior to conveying any interest in the Property, deliver to the Director upon a form to be supplied by the Director, a covenant agreement imposing the obligations and conditions set forth in this ordinance, signed and acknowledged by the Permittee and any other owner(s) of the Property and recorded with the King County Recorder's Office. The Director shall file the

recorded covenant agreement with the City Clerk. The covenant agreement shall reference this ordinance by its ordinance number. At the request of the Director, Permittee shall cause encumbrances on the Property to be subordinated to the covenant agreement.

Section 21. **Repeal of Section 8 of Ordinance 123615.** Section 8 of Ordinance 123615 is repealed.

Section 22. **Section titles.** Section titles are for convenient reference only and do not modify or limit the text of a section.

Section 23. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the _____ day of _____, 2023, and signed by me in open session in authentication of its passage this _____ day of _____, 2023.

President _____ of the City Council

Approved / returned unsigned / vetoed this _____ day of _____, 2023.

Bruce A. Harrell, Mayor

Filed by me this _____ day of _____, 2023.

Elizabeth M. Adkisson, Interim City Clerk

(Seal)

SUMMARY and FISCAL NOTE*

Department:	Dept. Contact:	CBO Contact:
Seattle Department of Transportation	Amy Gray	Christie Parker

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: AN ORDINANCE granting Qwest Corporation permission to continue maintaining and operating an existing utility tunnel under and across Seneca Street, east of 3rd Avenue; repealing Section 8 of Ordinance 123615; and providing for the acceptance of the permit and conditions.

Summary and Background of the Legislation:

This legislation allows Qwest Corporation to continue maintaining and operating an existing utility tunnel under and across Seneca Street, east of 3rd Avenue. The utility tunnel is for a period of 15 years, commencing on the effective date of the ordinance. The legislation specifies the conditions under which permission is granted.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? Yes X No

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? X Yes No

Appropriation change (\$):	General Fund \$		Other \$	
	2023	2024	2023	2024
Estimated revenue change (\$):	Revenue to General Fund		Revenue to Other Funds	
	2023	2024	2023	2024
			\$23,924	TBD
Positions affected:	No. of Positions		Total FTE Change	
	2023	2024	2023	2024

Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?
 No.

Are there financial costs or other impacts of *not* implementing the legislation?
 If the legislation is not enacted by City Council, the City of Seattle will not receive the 2023 fee of \$23,924 and future annual fees.

3.a. Appropriations

This legislation adds, changes, or deletes appropriations.

3.b. Revenues/Reimbursements

This legislation adds, changes, or deletes revenues or reimbursements.

Anticipated Revenue/Reimbursement Resulting from This Legislation:

Fund Name and Number	Dept	Revenue Source	2023 Revenue	2024 Estimated Revenue
Transportation Fund (13000)	SDOT	Annual Fee	\$23,924	TBD
TOTAL			\$23,924	TBD

Is this change one-time or ongoing?
 Ongoing.

Revenue/Reimbursement Notes:

The 2023 fee is based on the 2023 assessed land value by King County. Although the permit expired in 2020, Qwest Corporation has been paying the annual fees under the existing obligations of Ordinance 123615.

3.c. Positions

This legislation adds, changes, or deletes positions.

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?
 No.
- b. Is a public hearing required for this legislation?
 No.
- c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?
 No.

d. Does this legislation affect a piece of property?

Yes, see the area map attached to this document.

e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?

This legislation does not have any implications for the principles of the Race and Social Justice Initiative and does not impact vulnerable or historically disadvantaged communities.

f. Climate Change Implications

1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?

No.

2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.

No.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?

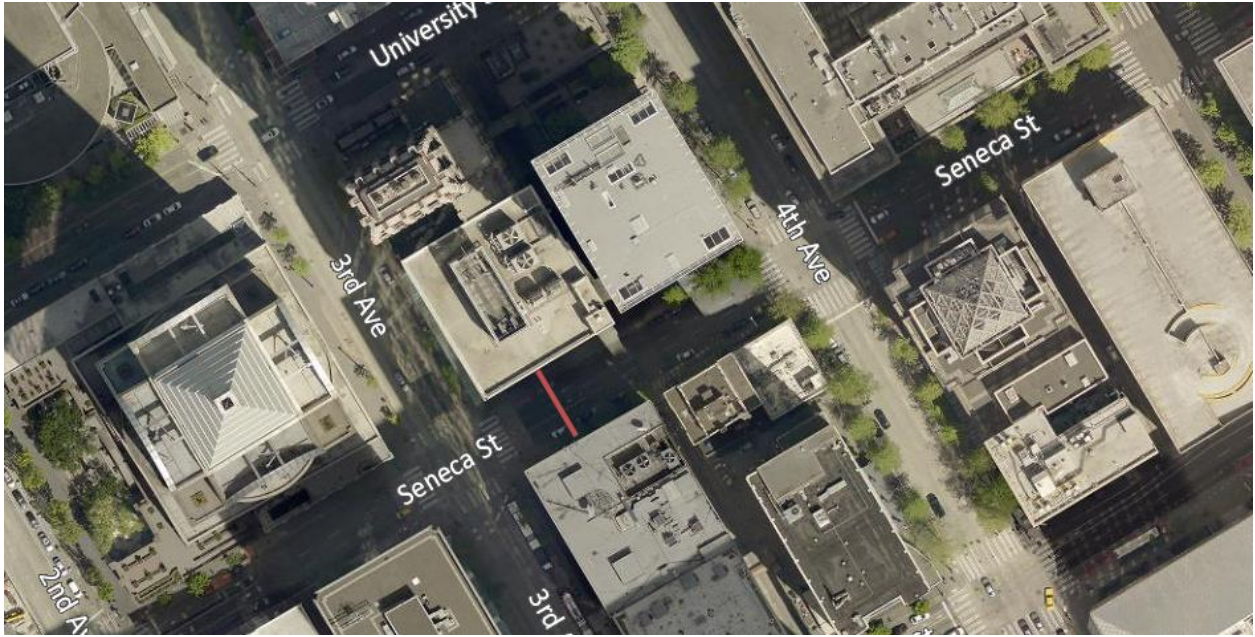
N/A

Summary Attachments:

Summary Attachment A - Qwest Seneca St Tunnel Area Map

Summary Attachment B - Qwest Seneca St Tunnel Annual Fee Assessment Summary

Qwest Seneca St Tunnel Area Map



Map is for informational purposes only and is not intended to modify or supplement the legal description(s) in the Ordinance.

STREET USE ANNUAL FEE ASSESSMENT

Date: 12/5/2022

Summary:
Land Value: \$1,550/SF
2023 Permit Fee:
\$23,924

I. Property Description:

Existing utility tunnel under and across Seneca Street, east of 3rd Avenue. The tunnel provides a diesel fuel connection for the buildings located at 1122 3rd Avenue and 1200 3rd Avenue. The tunnel total area is 686 square feet.

Applicant:

Qwest Corporation

Abutting Parcels, Property Size, Assessed Value:

2023

Parcel 1975200015; Lot size: 13,320

Tax year 2023 Appraised Land Value \$20,646,000 (\$1,550/sq ft)

Parcel 2302700005; Lot size: 14,415

Tax year 2023 Appraised Land Value \$22,343,200(\$1,550/sq ft)

II. Annual Fee Assessment:

The 2023 permit fee is calculated as follows:

$(\$1,550/\text{SF}) \times (686 \text{ SF}) \times (30\%) \times (7.5\%) = \$23,924$ where 30% is the degree of alienation for below grade tunnels and 7.5% is the annual rate of return.

Fee methodology authorized under Ordinance 123485, as amended by Ordinances 123585, 123907, and 124532.

April 26, 2023

MEMORANDUM

To: Transportation and Seattle Public Utilities Committee
From: Lish Whitson, Analyst
Subject: Council Bill 120544 – Qwest Seneca Street tunnel

On May 2, 2023, the Transportation and Seattle Public Utilities Committee (Committee) will discuss and possibly vote on [Council Bill \(CB\) 120544](#), which would renew approval to Qwest Corporation to maintain a utility tunnel under Seneca Street between 3rd and 4th Avenues (Council District 7). The tunnel connects the office buildings at 1122 3rd Avenue and 1200 3rd Avenue, providing a diesel fuel connection between the buildings. The legislation would renew an existing term permit ([Ordinance 123615](#)) for a final 15-year term, after which repermitting would be required.

This memorandum describes the term permit renewal process and the utility tunnel.

Significant Structure Term Permit Renewals

Significant structures are structures that have “a long-anticipated duration of encroachment, impede the City's or public's flexibility in the use of the public place, or are necessary for the functioning of other property of the permittee.” Examples include tunnels below streets that provide utility, pedestrian, or vehicular access between private properties; public art placed in right-of-way; and overhead structures attached to buildings. [Seattle Municipal Code \(SMC\) Chapter 15.65](#) establishes the procedures and criteria for approval of and renewal of term permits for significant structures.

[SMC 15.65.073](#) states:

If the Director of Transportation determines at term renewal that the authorizing ordinance requires an amendment, the Director shall provide a recommendation to City Council as to whether an application for a significant structure term permit renewal should be granted or denied with the appropriate terms and conditions, and the Council shall decide on the renewal and establish the terms and conditions of that renewal consistent with [Section 15.65.080](#). Approval of an amended term renewal for a significant structure term permit shall be granted only by ordinance.

[Section 15.65.080](#) provides the terms and conditions that may be included in a term permit ordinance. These include, but are not limited to:

- the term of years that permission is granted and renewal periods, if any;
- provision for regular inspection of and procedures for closure or removal of the structure;
- requirements for performance bonds, public liability insurance, indemnification, conformance with other laws, and annual fees;
- prohibition against assignment without City consent;
- a requirement for execution and recording of a covenant ensuring that obligations and conditions imposed on the permittee run with the land, where applicable;
- public benefit mitigation elements; and
- timely acceptance of permission.

The current practice of the Seattle Department of Transportation (SDOT) is to recommend longer terms for significant structure term permits and skybridge permits. Instead of a 10-year permit that may be renewed for two additional 10-year terms, which is the model that the current approval follows, SDOT recommends issuing permits for 15-year terms, renewable once. This shift responds to the volume of term permits, the amount of work required to process a permit renewal, and the rarity of significant changes to approvals during term permit renewals.

Qwest Utility Tunnel

1122 3rd Avenue is a 15-story office building built in 1955. It is currently owned by Lumen Technologies, the parent company of Qwest Corporation, a telecommunications firm. 1200 3rd Avenue is a 13-story office building built in 1921, and currently owned by Expeditors International. A utility tunnel provides a diesel fuel connection between the two buildings below Seneca Street.

Permission to build and use a tunnel under Seneca Street between the two buildings was first granted in 1955 through [Ordinance 84164](#). In 2011, [Ordinance 123615](#) permitted the tunnel for an additional 10 years, eligible to be renewed for two additional 10-year terms, ending in 2040. CB 120544 would amend Ordinance 123615 and renew the permit with a 15-year term, ending in 2038, after which the permit holder would need to apply to repermit the utility tunnel.

Next Steps

If the Committee recommends approval of CB 120544 at its May 2 meeting, it could be considered by the City Council as early as May 9.

cc: Esther Handy, Director
Aly Pennucci, Deputy Director
Yolanda Ho, Supervising Analyst



Qwest Corporation Seneca St Utility Tunnel Renewal

Council Transportation & Seattle Public Utilities Committee

Presentation overview



- Qwest Corporation is seeking to renew a permit for an existing utility tunnel under Seneca St, east of 3rd Ave
- The utility tunnel provides a diesel fuel connection between 1122 3rd Ave and 1200 3rd Ave
- SDOT recommends approval of the term permit renewal

Term permit process - permit renewals

Ordinance Passage:

- Passage of the ordinance renews the permit for 15 years
- Details the terms and conditions of the permit, including:
 - a) Annual fee
 - b) Maintenance obligations
 - c) Indemnification, insurance, and bond requirements.

Project neighborhood - Downtown



Requested action

- SDOT is seeking Council approval of this Council Bill for the existing Qwest utility tunnel
- If the ordinance is approved, this permit will be renewed through 2038

Questions?

amy.gray@seattle.gov | (206) 386-4638

www.seattle.gov/transportation





Legislation Text

File #: CF 314517, **Version:** 1

Request for an extension to the conditional approval of a petition of City Investors IV, LLC to vacate a portion of the alley in Block 89, D.T. Denny's 5th Addition to the City of Seattle (CF 313894).

March 7, 2023

Via Email (Alex.Pedersen@seattle.gov)

Councilmember Alex Pedersen
Seattle City Council
Transportation and Utilities Committee
P.O. Box 34025
Seattle, WA 98124

Re: *Request for Extension of Approved Block 89 Subterranean Alley Vacation, CF 313984*

Dear Councilmember Pedersen:

I represent City Investors IV, LLC (the “**City Investors**”) on its redevelopment of the block bounded by Denny Way, Westlake Avenue N, 9th Avenue N, and John Street (the “**Block:**”). The proposed redevelopment includes a residential tower, an office tower, street-level retail, ground plane improvements, and a 5,776 sf subterranean alley vacation to allow a connected below-grade parking garage (the “**Project**”). The surface of the alley will remain a public right-of-way without vehicular traffic, and there is also a public six-foot utility corridor above the vacated area for future utility infrastructure. We were instructed by Beverly Barnett at Seattle Department of Transportation (“**SDOT**”) to reach out to you to provide an update on the Project status and request an extension for the approval of the subterranean alley vacation.

Project Overview

The Project will activate the neighborhood, put eyes on Denny Park, provide much-needed housing, eliminate potential vehicular-pedestrian conflicts on the alley, and create new jobs during construction and operation. The Project will also realize the Denny Way Street Concept Plan and provide enhanced seating, landscaping, wayfinding, lighting, and open space. In all, the project provides more than 25,000 sf of public realm improvements.

The Project is in active permitting with the Seattle Department of Construction and Inspections (“**SDCI**”) under Master Use Permit (“**MUP**”) Nos. 3017321-LU and 3017320-LU. The structural building permit applications are also pending with SDCI. Correction responses were submitted in May 2022 with the most recent corrections issued from SDCI on June 21, 2022. The design team remains actively engaged on the Project. A term permit is also necessary for the public benefit improvements on the surface of the alley since the vacation is only below-grade. A term permit application was submitted to SDOT on October 17, 2018, and that term permit is still moving through the system. The last update was provided by

SDOT on August 8, 2019, and they shared that the term permit legislation was with the City Budget Office for its review.

The timeline for the Project has been extended due to a variety of factors outside the control of City Investors, including long review times with SDCI and SDOT during which negotiations with a potential tenant for the non-residential tower fell through. The Project entitlements were slowed to evaluate the market and try to find another potential tenant. This initial short-term slowdown was followed by the onset of the COVID pandemic. This period of unprecedented disruption effectively caused an additional three-year pause on the Project. There is a continued climate of economic uncertainty and uncertainty around the office market.

Despite this uncertainty, City Investors remains excited about the Project, continues to make progress and hopes to secure a tenant in the near future. The pending permits are still active at SDCI, and City Investors continues to invest in advancing the plans and progressing the design. Keeping the Project in the City's pipeline of future development is good for the City and for the South Lake Union neighborhood. During construction, the Project is estimated to generate hundreds of living-wage jobs. After construction, the office tower could accommodate approximately 2,000 employees, and the residential tower could provide much-needed housing for 700 people.

Alley Vacation

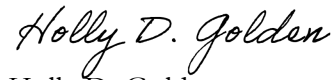
On December 7, 2015, City Council granted conceptual approval for the subterranean alley vacation on the Block (the "**Conceptual Approval**"). A copy of the Conceptual Approval is included for reference. In exchange for the subterranean vacation, City Investors will pay the fair market value for the land, and there is also a robust public benefit package that includes improvements in the right-of-way around the site, major improvements at the surface of the alley to create a great pedestrian environment, and a public plaza.

The Conceptual Approval contemplates commencement of construction activity within 18 months of Conceptual Approval and completion of construction activity within five years. These timeframes are not code requirements, and the Petitioner has provided Beverly Barnett and her staff with bi-annual updates on the Project status. As it is clear the Project will not meet these contemplated timelines, we submit this request to approve an extension of the Conceptual Approval timeframe to commence construction in 2027 and complete construction in 2030. City Investors hopes this timeframe will afford the flexibility to weather the ongoing economic uncertainty and find a tenant for the office tower.

Councilmember Alex Pedersen
March 7, 2023
Page 3 of 3

We appreciate your attention to this matter. Please feel free to reach out directly with any questions or to schedule a meeting with the City Investors team.

Very truly yours,



Holly D. Golden

HDG:dlc
E-Mail: holly.golden@hcmp.com
Direct Dial: (206) 470-7656
Fax: (206) 623-7789

Enclosure

ND: 18053.016 4862-3195-7037



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BLOCK 89 SUBTERRANEAN ALLEY VACATION



DEVELOPER / PETITIONER

VULCAN

ARCHITECT

ZGF ARCHITECTS LLP
ANKROM MOISAN ARCHITECTS, INC.

LANDSCAPE ARCHITECT

HEWITT

STRUCTURAL / CIVIL ENGINEER

COUGHLIN PORTER LUNDEEN

URBAN CONTEXT **PG. 3**

EXISTING / PROPOSED PROJECTS
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DEVELOPMENT ALTERNATIVES **PG. 4**

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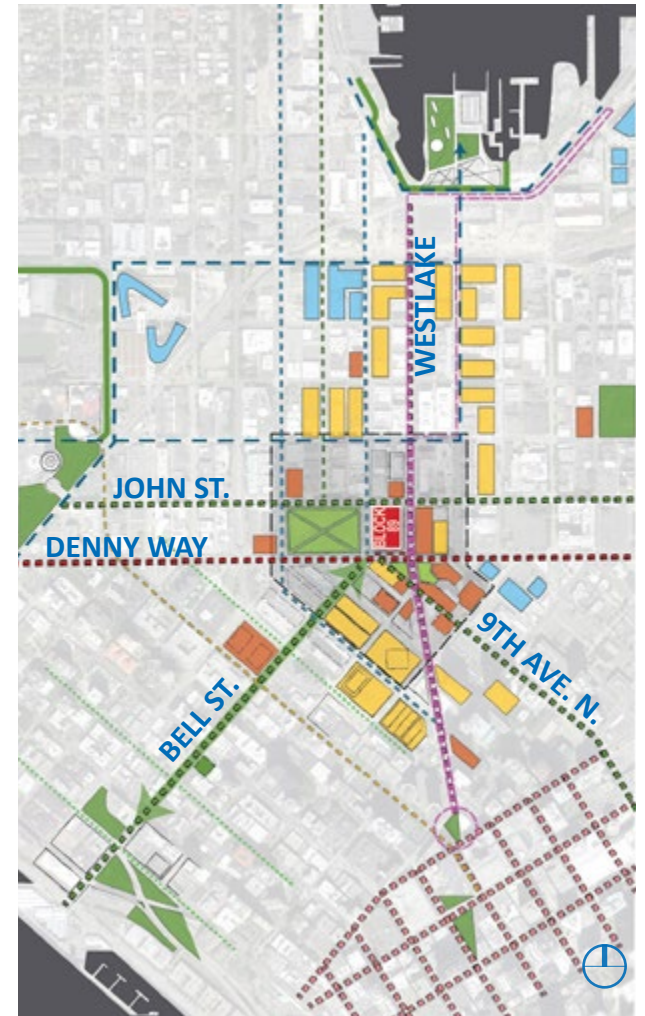
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URBAN CONTEXT

EXISTING / PROPOSED PROJECTS + VICINITY MAP



EXISTING / PROPOSED CONTEXT



VICINITY MAP (WESTLAKE / DENNY)

DEVELOPMENT ALTERNATIVES

WITH / WITHOUT SUBTERRANEAN ALLEY VACATION



WITHOUT SUBTERRANEAN VACATION

- SAME DEVELOPMENT BOTH ALTERNATIVES
- SAME PARKING
- MULTIPLE PARKING / LOADING ACCESS AT SURFACE ALLEY
- PEDESTRIAN VEHICLE CONFLICTS
- FRONT / BACK BUILDING RELATIONSHIP



WITH SUBTERRANEAN VACATION

- SAME DEVELOPMENT BOTH ALTERNATIVES
- SAME PARKING
- ALL BELOW GRADE PARKING / LOADING, NO CARS / TRUCKS AT SURFACE
- NO PEDESTRIAN / VEHICLE CONFLICTS
- EXPANDED PEDESTRIAN OPEN SPACE CONNECTIVITY

PROJECT METRICS

- 387,888 SF OFFICE
- 452,954 SF RESIDENTIAL
- 39,227 SF RETAIL
- PARING FOR 848 VEHICLES

DEVELOPMENT PROPOSAL



SITE PLAN



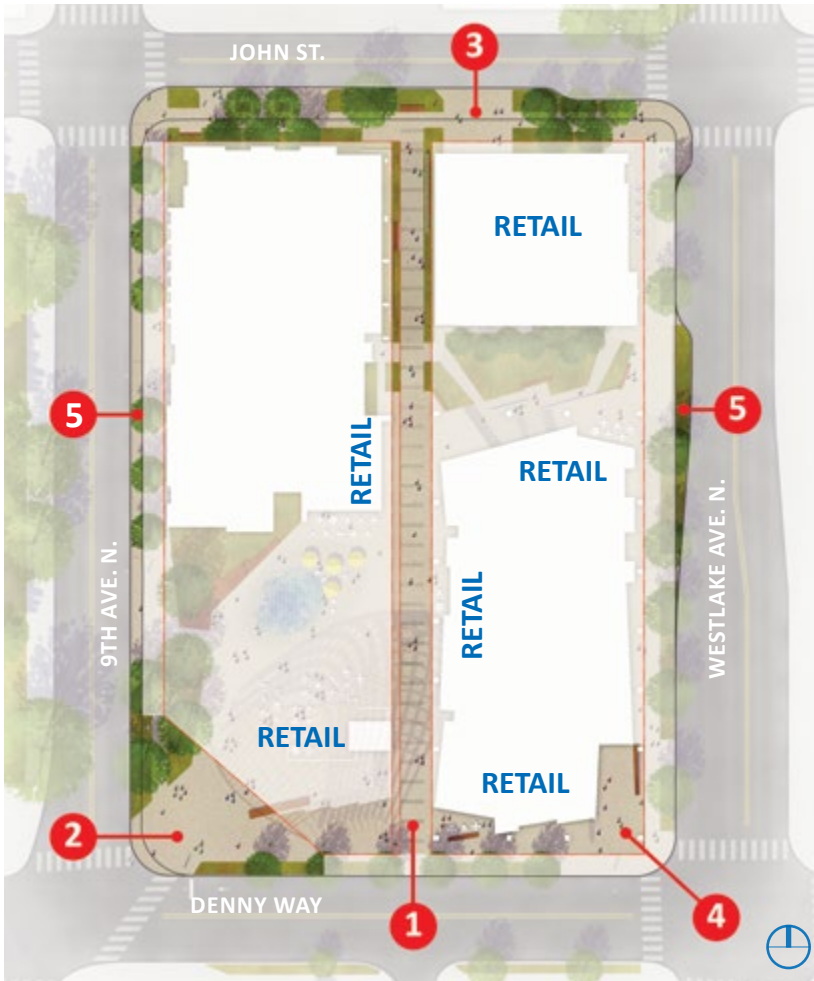
- SW PUBLIC PLAZA;
WATER FEATURE;
OPEN AIR PAVILION
- THROUGH-BLOCK CONNECTION
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- DENNY WAY STREETSCAPE
- JOHN ST. IMPROVEMENTS
- WESTLAKE / 9TH AVE. IMPROVEMENTS
- SINGLE POINT OF VEHICLE ACCESS



PUBLIC BENEFITS

SUMMARY

Public benefit elements stitch block 89 back into the surrounding city fabric. Street edges and alley are activated public zones.



Public Benefit Element	Description	City Requirements	Provided Beyond City Requirements	Quantities
1. Alley ROW Improvements	Provide pedestrian-scaled paving, landscaping, lighting, wayfinding, seating and furnishings, connecting John Street (Green Street) and Denny Way, with the through-block connection between Westlake Ave. N. and 9th Ave. N.	10' x 10' concrete paving sloped to drain to dedicated stormwater system per SDOT standards	See detail on page 12	Approx. 7,444 sf of alley improvements
2. Denny Way/ 9th Ave. N. Triangle ROW and sidewalk Improvements	Provide pedestrian-scaled paving, landscaping and lighting to complement new sidewalk ROW paving and landscaping in conformance with the recommendations of the Denny Way Streetscape Concept Plan (Voluntary)	None required	See detail on page 12	Approx. 4,506 sf of improvements
3. Green Street Improvements at John Street	Provide expanded pedestrian streetscape, landscaping, seating and lighting in conformance with the recommendations in the South Lake Union Street Concept Plans for John Street (Voluntary)	None required	See detail on page 12	Approx. 6,968 sf of improvements
4. Denny Way voluntary setbacks and streetscape Improvements	Provide expanded building street level building setbacks to accommodate outdoor seating and activities in accordance with recommendations in the Denny Way Streetscape Concept Plan (Voluntary)	None required	See detail on page 12	Approx. 3,933 sf of improvements
5. Streetscape improvements on 9th Ave. N. and Westlake Ave. N.	Provide curb bulb at corner of Westlake Ave. N. and John Street, and expand sidewalk/ landscape zone along Westlake Ave. N.	None required	See detail on page 12	Approx. 906 sf of improvements
	Provide curb bulbs at the corners of Denny Way and 9th Ave. N. and John Street and 9th Ave. N., extending along 9th Ave. N. to expand sidewalk/landscaping zone along 9th Ave. N.	None required	See detail on page 12	Approx. 2,237 sf of improvements

PUBLIC BENEFIT NO. 1

ALLEY ROW IMPROVEMENTS

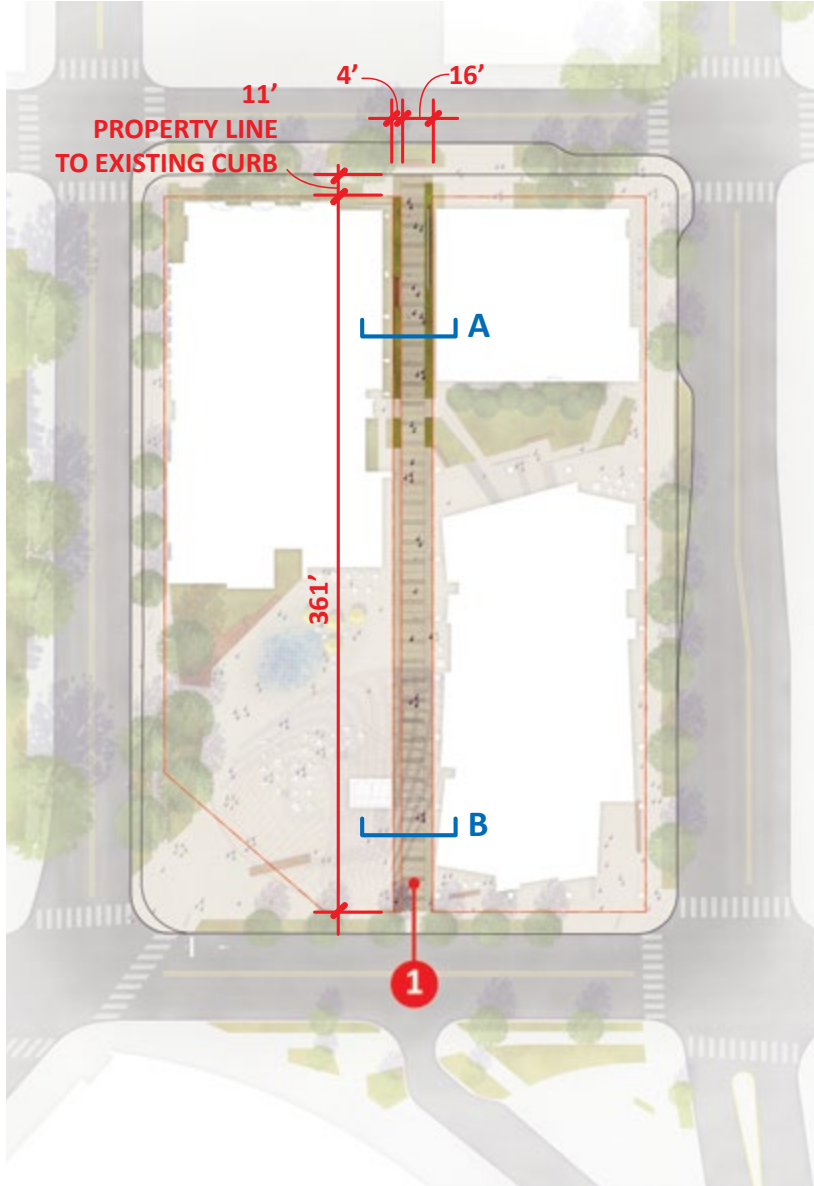


VIEW LOOKING SOUTH AT JOHN ST.



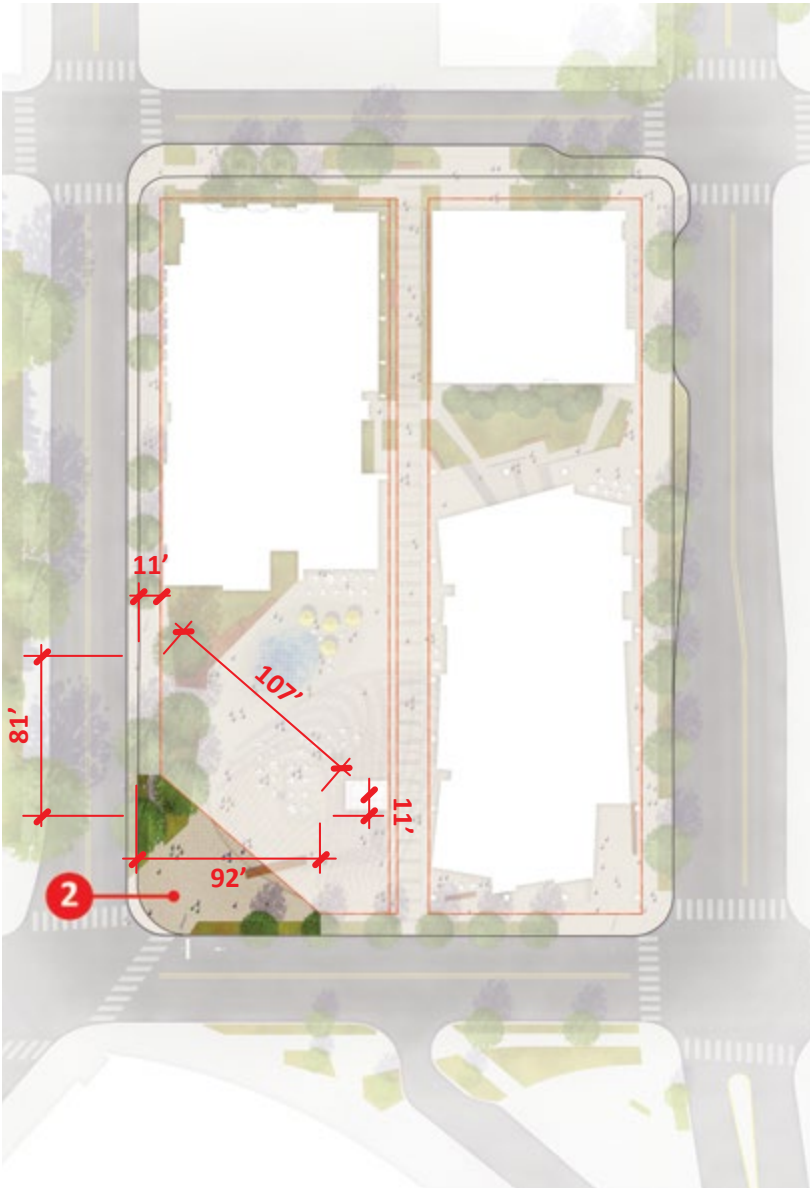
PRECEDENT IMAGES (POST ALLEY)

- SPECIAL PAVING, LANDSCAPING, LIGHTING, SEATING AND WAYFINDING IN ALLEY ROW
- ROW CAN REVERT BACK TO VEHICULAR ACCESS IF CITY DETERMINES NECESSARY
- UTILITY ROW PROVIDED BELOW GRADE FULL LENGTH OF ALLEY BETWEEN JOHN ST. AND DENNY WAY



PUBLIC BENEFIT NO. 2

DENNY WAY/9TH AVE. TRIANGLE ROW + SIDEWALK IMPROVEMENTS



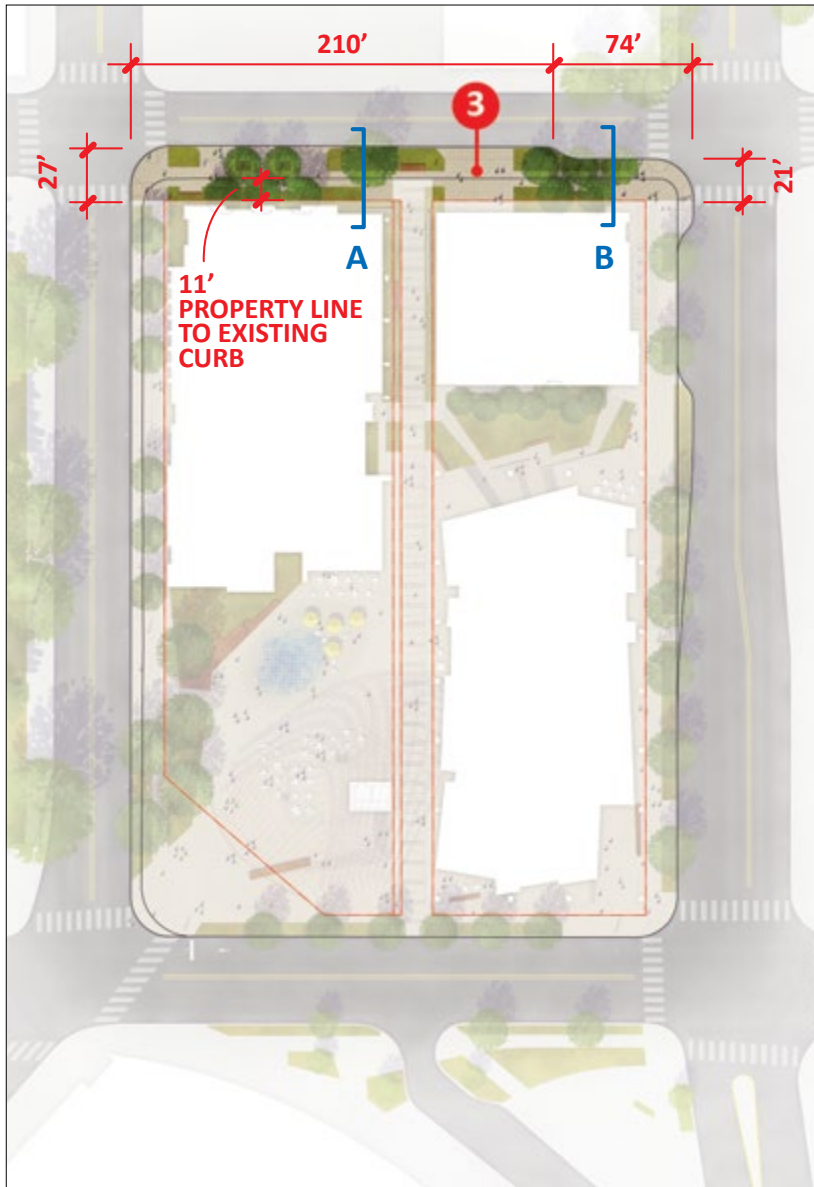
VIEW LOOKING NE FROM DENNY WAY / BELL ST.



- STREET PAVING, LANDSCAPING, SEATING AND LANDSCAPING IN SIDEWALK AND TRIANGLE ROW.
- INTEGRATED ARTWORK TO HIGHLIGHT LOCATION WITHIN DISTRICT / NEIGHBORHOOD, PUBLIC DESTINATIONS AND SPECIFIC HISTORY OF 9TH AVE. N. / DENNY WAY INTERSECTION.

PUBLIC BENEFIT NO. 3

GREEN STREET IMPROVEMENTS ON JOHN STREET



VIEW LOOKING SOUTH AT JOHN ST.



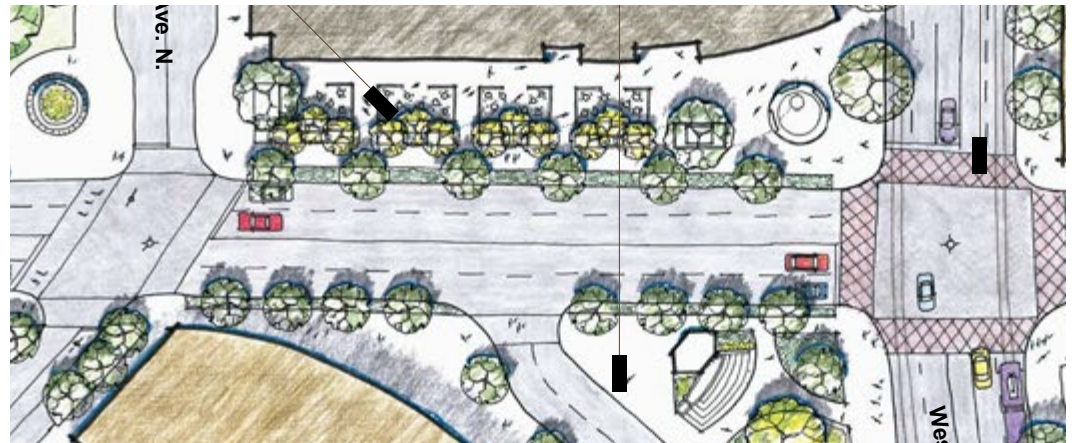
- PAVING, LANDSCAPE, LIGHTING, STREET FURNISHING IMPROVEMENTS AT JOHN ST.
- EXPANSION OF PEDESTRIAN ZONE (REDUCTION OF VEHICLE ZONE) BETWEEN 9 AND 16 FEET ENHANCING PEDESTRIAN CONNECTIVITY BETWEEN WESTLAKE AVE. N. AND DENNY PARK.

PUBLIC BENEFIT NO. 4

VOLUNTARY SETBACK+STREETScape IMPROVEMENT AT DENNY WAY

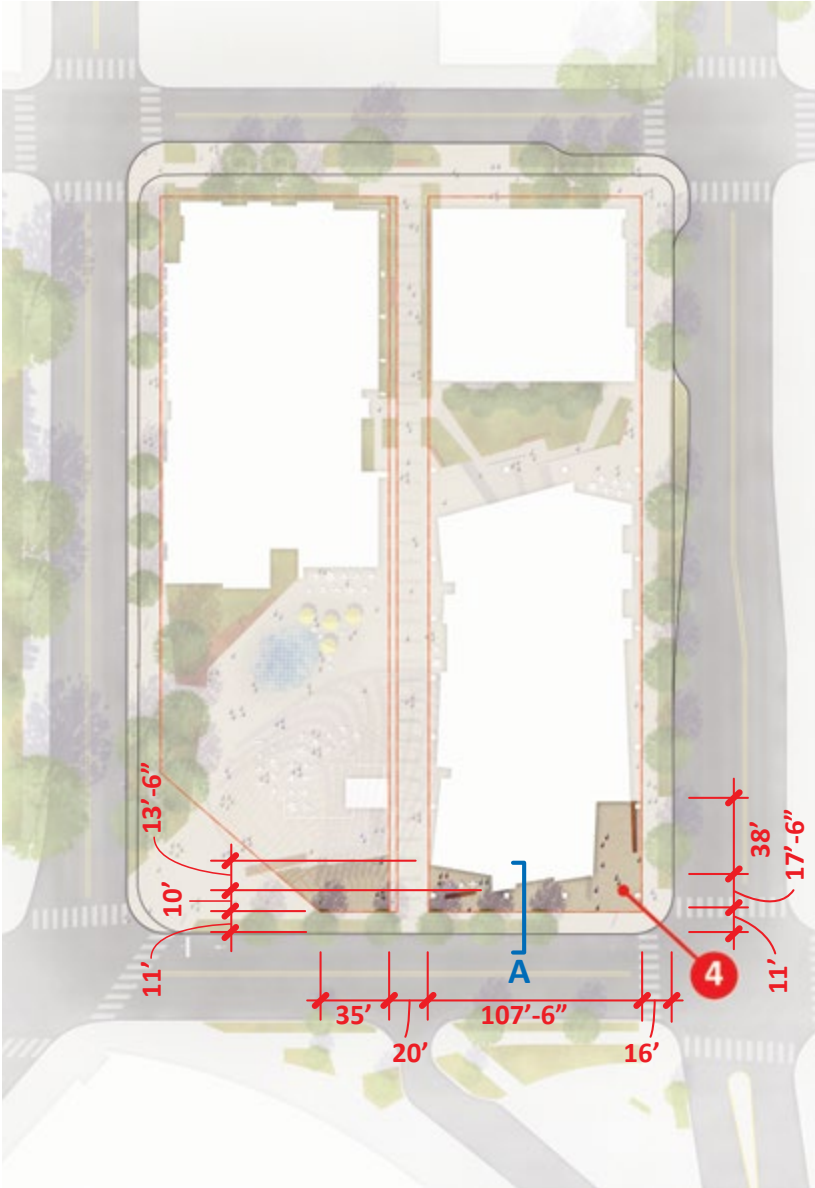


VIEW LOOKING WEST ALONG DENNY WAY



DENNY WAY STREETScape RECOMMENDATIONS

- EXPANDED STREET-LEVEL SETBACKS, LANDSCAPING AND PEDESTRIAN ZONE TO IMPLEMENT DENNY WAY STREETScape RECOMMENDATIONS, ENHANCING PEDESTRIAN CONNECTIVITY BETWEEN WESTLAKE AVE. N. AND DENNY PARK.
- INCORPORATE TRANSIT STOP AND RETAIL ZONES PER RECOMMENDATIONS.

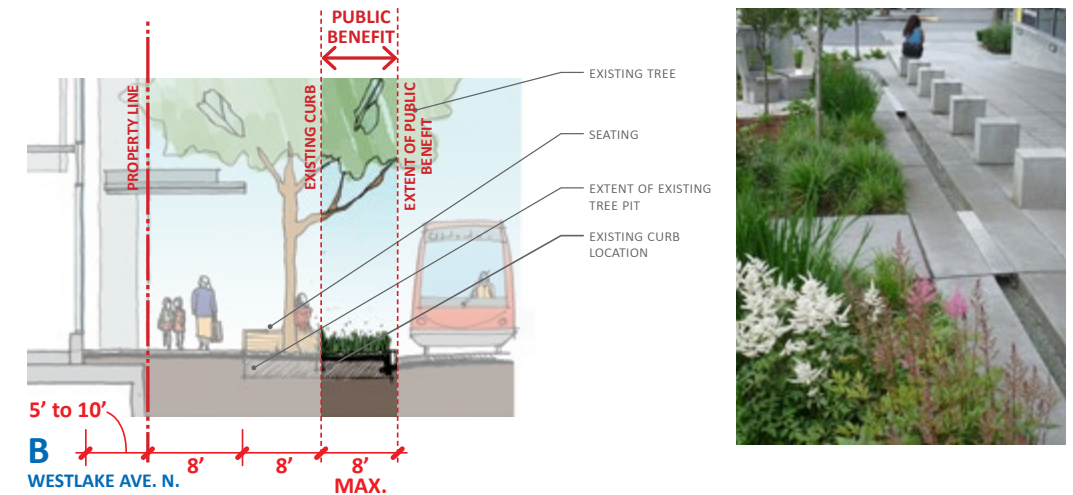


PUBLIC BENEFIT NO. 5

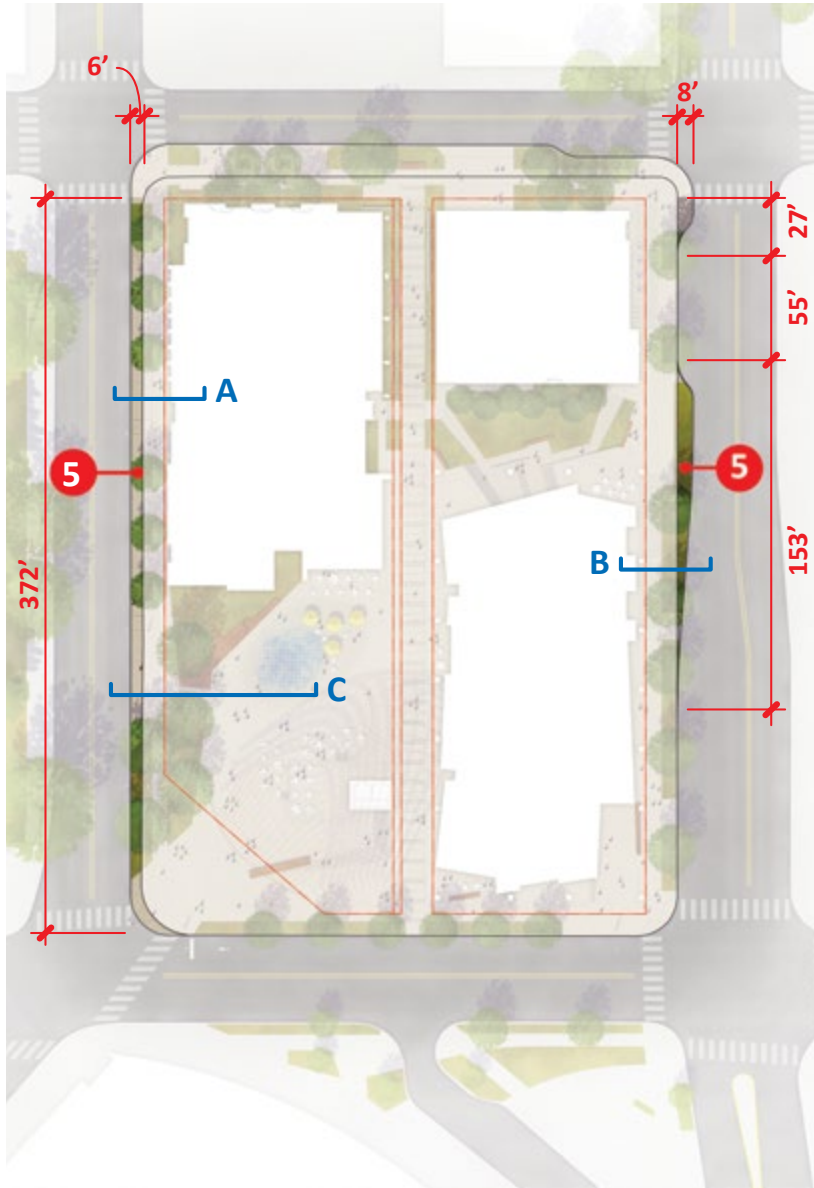
STREETSCAPE IMPROVEMENTS ON 9TH AVE. N. + WESTLAKE AVE. N.



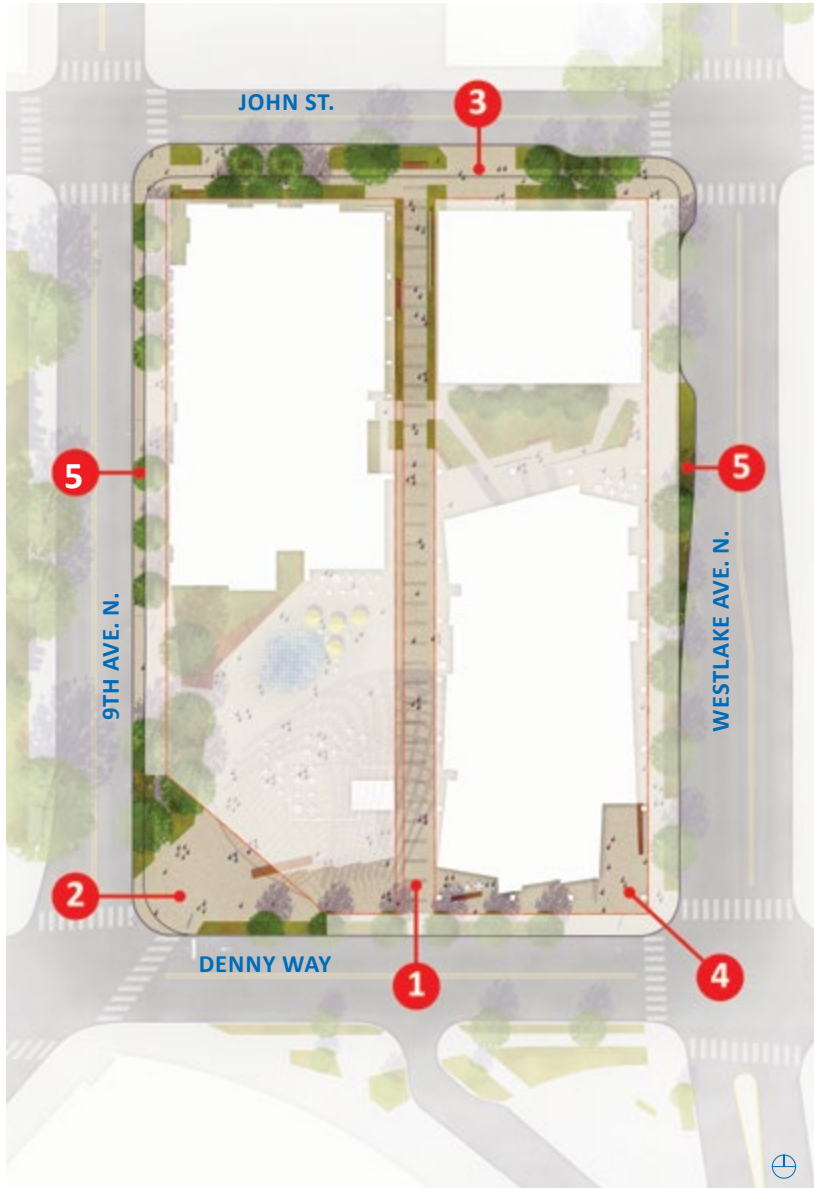
VIEW LOOKING WEST FROM WESTLAKE AVE. N.



- RELOCATE EXISTING CURB AT WESTLAKE AVE. N. AND 9TH AVE. N. TO INCREASE PEDESTRIAN ZONE.
- ADD NEW PAVING, LANDSCAPING, SEATING AND BICYCLE IMPROVEMENTS.



PUBLIC BENEFITS SUMMARY



- 1. ALLEY ROW IMPROVEMENTS = Approx. 7,444 SF
- 2. DENNY WAY/ 9TH AVE. N. TRIANGLE ROW AND SIDEWALK IMPROVEMENTS = Approx. 4,506 SF
- 3. GREEN STREET IMPROVEMENTS AT JOHN ST. = Approx. 6,968 SF
- 4. DENNY WAY STREETScape IMPROVEMENTS = Approx. 3,933 SF
- 5. STREETScape IMPROVEMENTS ON 9TH AVE. N. AND WESTLAKE AVE. N. = Approx. 3,143 SF

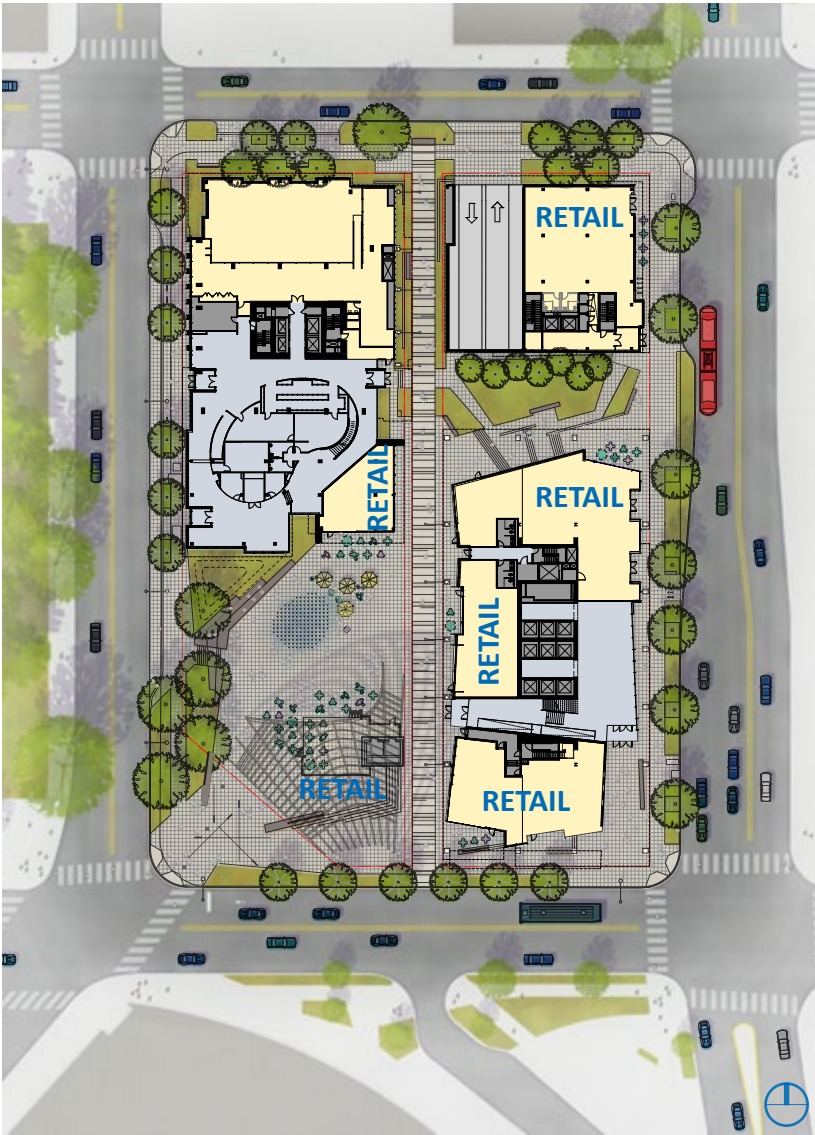
TOTAL AREA OF ALL PUBLIC BENEFITS: = Approx. 25,994 SF

AREA OF SUBTERRANEAN ALLEY VACATION: = 5,775 SF

ALLEY VACATION BENEFITS SUMMARY

DESCRIPTION OF SUBTERRANEAN ALLEY VACATION PROPOSAL PER CITY OF SEATTLE STREET VACATION POLICIES:

Public benefit proposal is to recognize loss of benefits to public of Right of Way (ROW) and gains to project from the vacation. What does the public lose, and what does the public and the project gain, by vacation? Public benefit is to be proportional to project gain and scale/impacts of the project. Public benefits must be in excess of code requirements and SEPA mitigation.



SITE PLAN

ROW Benefits (listed in Street Vacation Policies) Are Retained by Vacation	Project Gains from Vacation	Proportional Public Benefit
<p>ALL ROW BENEFITS ARE RETAINED BY THE PUBLIC</p> <ul style="list-style-type: none"> Existing street grid preserved No change to building orientation or neighborhood scale Alley surface continues to provide “breathing space” between buildings, providing open space, views and pedestrian connectivity Public functions of pedestrian and bicycle use are significantly enhanced by the vacation, while preserving option of future vehicle use by City, if needed (landscaping and alley elements to be removed at Petitioner’s cost) Alley does not serve any current utility function Utilities have identified no future need for area under alley 	<p>PROJECT GAINS SOME EFFICIENCIES, BUT NO EXTRA FLOOR AREA</p> <ul style="list-style-type: none"> Consolidated underground parking and loading reduces redundancy in parking ramps and increases efficiency for parking, loading and services Although there is reduced shoring and excavation costs with a single garage as opposed to one garage on each side of the alley, that cost savings is essentially neutralized by the additional costs of constructing all loading and parking below grade. 	<p>PUBLIC DOES NOT LOSE ANY ROW BENEFITS</p> <p>PUBLIC GAINS CONSIDERABLE BENEFITS OF AN IMPROVED VEHICLE-FREE ALLEY FOR PEDESTRIAN AND BICYCLE USE, and OPEN SPACE CONNECTIVITY</p> <p>PROJECT GAINS MODEST EFFICIENCIES and COST SAVINGS</p> <p>The public access to and experience of the alley is significantly enhanced, while the public gives up nothing due to the vacation.</p> <p>No change in project scale or impacts due to the vacation.</p> <p>Public Benefits exceed the proportional benefits called for in the Street Vacation Policies.</p>

RENDERINGS





April 26, 2023

MEMORANDUM

To: Transportation and Seattle Public Utilities Committee
From: Lish Whitson, Analyst
Subject: CF 314517: Request for the extension of approval for an alley vacation

On Tuesday, May 2, 2023, the Transportation and Seattle Public Utilities Committee (Committee) will discuss and may vote on a request from City Investors IV, LLC (City Investors) to extend the term of a subterranean alley vacation. In 2015, City Investors received conditional approval for a below-grade alley vacation on the block bounded by Westlake Avenue N, Denny Way, 9th Avenue N and John Street in South Lake Union, Council District 7. The vacation would facilitate the development of an office building, a residential tower and two retail buildings sharing a common underground parking garage.

Conditional approval of the vacation was granted for five years on December 7, 2015, through [Clerk File \(CF\) 313894](#). Construction of the project has been delayed.

On March 7, City Investors requested that approval of the vacation be extended. [CF 314517](#) includes the request from City Investors and if the Council agrees to extend approval, updated conditions of approval for the vacation would be added to the CF.

This memorandum describes the proposed project and discusses the approval process if the Council agrees to extend the previous approval.

Block 89 Development

City Investors plans a full-block, mixed-use development of approximately 910,000 square feet on the northwest corner of Denny Way and Westlake Avenue N, one block east of Denny Park. The proposal includes four buildings:

- On the northwest corner of the block, a 40-story, 460,000 square foot residential tower with ground floor retail.
- On the southeast corner of the block, an 18-story, 422,000 square foot office building with ground floor retail.
- The entire block would include 30,000 square feet of street-level retail space, with some located in a three-story structure on the northeast corner of the block and some located in a one- or two-story retail structure on the southwest corner of the block.

The buildings would be separated by interconnected pedestrian plazas and walkways. A mid-block pedestrian connector would provide at-grade, east-west access through the center of the block. The alley, which would remain public right-of-way at grade, would be reserved for pedestrian access north-south through the site and enhanced with lighting, landscaping and street furniture.

Parking for the entire development would be provided below-grade in a four- to six-level parking garage. The 848-stall garage would provide 421 vehicle spaces for the residential units and 427 spaces for commercial/retail tenants. Access to the parking would be provided from John Street. All services and loading functions for the block, such as delivery, garbage/recycling, and maintenance vehicles would be from John Street.

The subterranean vacation would allow all service and loading functions for the block to be consolidated. Without the vacation, each half of the block would need its own separate garage which would be accessed from the alley. Separate service and loading functions would be provided for each of the four buildings from surface loading areas that would be accessed from the alley. A vehicle turnaround would also be provided in the southwest building.

Alley Vacation (CF 313894)

On December 7, 2015, the Council provided conditional approval to City Investors for the subterranean vacation of the alley on Block 89 to facilitate the project described above.

Conditions placed on the vacation included the following public benefits:

	Public Benefit Item	Description
1	Alley right-of-way improvements	Special paving, landscaping, pedestrian-scaled lighting, wayfinding, seating, and furnishings in the alley right-of-way between John St and Denny Way, which remains in public ownership. <ul style="list-style-type: none"> Approximately 7,444 sf of alley improvements.
2	Improvements to the triangular portion of right-of-way at the corner of 9 th Ave and Denny Way	Paving based on 2'x2' City of Seattle standard sidewalk module, landscaping, lighting, and seating. <ul style="list-style-type: none"> Approximately 4,506 sf of improvements.
3	Green Street improvements on John St	Relocation of existing curb between 9 and 16 feet to the north to expand pedestrian streetscape, including new paving, landscaping, lighting, and seating. <ul style="list-style-type: none"> Approximately 6,968 sf of improvements.
4	Voluntary setback and streetscape improvements on Denny Way	Expanded street-level building setback, seating, landscaping, and lighting to implement some of the recommendations in the Denny Way Streetscape Concept Plan. <ul style="list-style-type: none"> Approximately 3,933 sf of improvements.
5	Streetscape improvements on 9th Ave N and Westlake Ave N	Relocation of existing curb to widen sidewalk, including new paving and additional landscaping. <ul style="list-style-type: none"> Approximately 906 sf of improvements on Westlake and 2,237 sf of improvements on 9th Avenue N.

Because the proposed project includes a mix of publicly-owned spaces that would be improved, such as the alley right-of-way and the corner of 9th Avenue N and Denny Way, and privately-owned spaces such as the through-block connection and a public plaza, the Council also added conditions requiring distinct paving treatment for the publicly owned portions of the block.

Regarding the span of its approval, the Council stated:

4. It is expected that development activity will commence within 18 months of this approval and that development activity will be completed within five years. In order to insure timely compliance with the conditions imposed by the City Council, the Petitioner shall provide the Seattle Department of Transportation with Quarterly Reports, following Council approval of the vacation, providing an update on the development activity, schedule, and progress on meeting the conditions. The Petitioner shall not request or be issued a Final Certificate of Occupancy (C of O) for the project until SDOT Street Vacations has determined that all conditions have been satisfied and all fees have been paid.

It has been more than five years since approval was initially granted, and City Investors has not yet started development activity for the reasons included in their letter. Consequently, they have returned to Council to seek an extension of the vacation approval.

If the Council agrees to extend the approval, it should grant an extension to the vacation approval with conditions.

A proposed set of updated conditions are attached as Attachment 1. The updated conditions state that “The City Council extends its grant of approval of the City Investors petition contained in Clerk File 313894 and approved December 7, 2015, to December 7, 2030. Conditional approval of the vacation ends on December 7, 2030.” A statement is added to Condition 4 that “Approval of the vacation shall expire on December 7, 2030.” If the Committee agrees with the request to extend approval, it should direct staff to add these updated conditions to CF 314517 for action at the City Council.

Next Steps

If the Committee votes to recommend approval of Clerk File 314517 at its May 2 meeting, it could be considered by the City Council as early as May 9.

Attachments:

1. Proposed updated conditional approval for Clerk File 314517

cc: Esther Handy, Director
Aly Pennucci, Deputy Director
Yolanda Ho, Supervising Analyst

IN THE MATTER OF THE REQUEST BY CITY INVESTORS IV, LLC TO EXTEND APPROVAL OF THE VACATION OF A SUBTERRANEAN PORTION OF THE ALLEY IN BLOCK 89 LYING BETWEEN JOHN STREET AND DENNY WAY IN THE SOUTH LAKE UNION URBAN CENTER NEIGHBOHROOD OF SEATTLE

CLERK FILE 313984

CLERK FILE 314517

The City Council amends its grant of approval of the petition from City Investors IV, LLC (City Investors or Petitioner) for the vacation of a subterranean portion of the Alley in Block 89 lying between John Street and Denny Way in the South Lake Union Urban Center neighborhood of Seattle, described as:

That portion of the alley bisecting Block 89, D.T. Denny's 5th Addition to North Seattle, according to the plat thereof, recorded in Volume 1 of plats, page 202, Records of King County, Washington, lying below an inclined plane situated 6.00 feet below, and parallel with, the finished grade elevation of said alley, said inclined plane being more particularly described as follows:

Beginning at a point on the south right-of-way line of John Street at the north end of said alley, said point having an elevation of 57.8 feet;

Thence south along the course of the alley a distance of 100.00 feet to a point having an elevation of 62.4 feet;

Thence continuing south along the course of the alley a distance of 130.5 feet to a point having an elevation of 63.7 feet;

Thence continuing along the course of the alley a distance of 130.5 feet, more or less, to a point on the north right-of-way line of Denny Way and the terminus of said inclined plane, said point having an elevation of 61.4 feet.

The inclined plane herein described spans the full alley and is bounded on the north by the south right-of-way line of John Street, on the south by the north right-of-way line of Denny Way, on the east by the west line of Lots 1 through 6 and on the west by the east line of Lots 7 through 12, all of said Block 89.

The elevations described herein are expressed in terms of North American Vertical Datum of 1988 (NAVD 88) and are based upon City of Seattle Benchmark No. SNV-5007, a 2 inch surface brass disk in the concrete walk, vicinity of the Northwest corner of Westlake Avenue and 9th Avenue, elevation 79.14 feet.

The street proposed for vacation includes approximately 5,776 square feet of right-of-way.

The City Council extends its grant of approval of the City Investors petition contained in Clerk File 313894 and approved on December 7, 2015, to December 7, 2030. Conditional approval of the vacation ends on December 7, 2030.

The vacation is granted upon the Petitioner meeting the following conditions. The Petitioner shall demonstrate that all conditions imposed on the vacation by the City Council have been

satisfied: all utility work relating to the vacation including easements or other agreements is completed; all public benefit elements have been provided; any other agreements or easements have been completed and recorded as necessary; and all fees paid, prior to the passage of the street vacation ordinance.

1. The vacation is granted to allow the Petitioner to build a project substantially in conformity with the project presented to the City Council and for no other purpose. The project must be substantially in conformity with the proposal reviewed by the Transportation Committee in September of 2015.
2. All street improvements shall be designed to City standards, as modified by these conditions to implement the Public Benefit requirements, and be reviewed and approved by the Seattle Department of Transportation; nonstandard elements will require a Street Use Permit and indemnification agreement; elements of the street improvement plan and required street improvements to be reviewed include:
 - Street improvement plan showing sidewalks, street trees, bike racks, street furniture, lighting, art or artist-made elements, signage or wayfinding, and landscaping around the site.
 - Permitted encroachments in the public alley such as treatments to the surface of the alley and other elements as noted above.
 - Elements that distinguish public right-of-way from private property, including clear signage, property demarcation, and changes in paving treatment, street furniture and landscaping.
3. The utility issues shall be resolved to the full satisfaction of the affected utility prior to the approval of the final vacation ordinance. Prior to the commencement of any development activity on the site, the Petitioner shall work with the affected utilities and provide for the protection of the utility facilities. The City shall require indemnification for the private structure below the public alley. This may include easements, restrictive covenants, relocation agreements, or acquisition of the utilities, which shall be at the sole expense of the Petitioner. Utilities impacted include:
 - Seattle Public Utilities, and
 - CenturyLink Communications.
4. ~~It is expected that development activity will commence within 18 months of this approval and that development activity will be completed within five years.~~ Approval of this vacation shall expire on December 7, 2030. In order to insure timely compliance with the conditions imposed by the City Council, the Petitioner shall provide the Seattle Department of Transportation with Quarterly Reports, following Council approval of the vacation, providing an update on the development activity, schedule, and progress on meeting the conditions. The Petitioner shall not request or be issued a Final Certificate of

Occupancy (C of O) for the project until SDOT Street Vacations has determined that all conditions have been satisfied and all fees have been paid.

5. In addition to the conditions imposed through the vacation process, the project, as it proceeds through the permitting process, is subject to SEPA review and to conditioning pursuant to various City codes and through regulatory review processes including SEPA.

6. The Petitioner shall develop and maintain the public benefit elements as defined by the City Council. A Property Use and Development Agreement (PUDA) or other binding mechanism shall be required to ensure that the public benefit elements remain open and accessible to the public and to outline future maintenance obligations of the improvements. The final design of the public benefit elements shall require the review and approval of SDOT Street Vacations. SDOT may request additional review by the Design Commission of the implementation of public benefit elements or the pedestrian enhancements in the alley, as necessary. Public benefit elements in the right-of-way require additional street use permits and indemnification, public and private areas must be distinguished and markers in the sidewalk shall be required. Signage clearly marking public access areas must be reviewed by SDOT and shall be provided. The public benefit requirement includes the following features as well as corresponding development standards, including specific dimensions, which shall be outlined in the PUDA:

Block 89 Subterranean Alley Vacation Public Benefits		
	Public Benefit Item	Description
1	Alley right-of-way improvements	Special paving, landscaping, pedestrian-scaled lighting, wayfinding, seating, and furnishings in the alley right-of-way between John St and Denny Way, which remains in public ownership. <ul style="list-style-type: none"> • Approximately 7,444 sf of alley improvements.
2	Improvements to the triangular portion of right-of-way at the corner of 9 th Ave and Denny Way	Paving based on 2'x2' City of Seattle standard sidewalk module, landscaping, lighting, and seating. <ul style="list-style-type: none"> • Approximately 4,506 sf of improvements.
3	Green Street improvements on John St	Relocation of existing curb between 9 and 16 feet to the north to expand pedestrian streetscape, including new paving, landscaping, lighting, and seating. <ul style="list-style-type: none"> • Approximately 6,968 sf of improvements.
4	Voluntary setback and streetscape improvements on Denny Way	Expanded street-level building setback, seating, landscaping, and lighting to implement some of the recommendations in the Denny Way Streetscape Concept Plan. <ul style="list-style-type: none"> • Approximately 3,933 sf of improvements.

5	Streetscape improvements on 9 th Ave N and Westlake Ave N	Relocation of existing curb to widen sidewalk, including new paving and additional landscaping. <ul style="list-style-type: none"> • Approximately 906 sf of improvements on Westlake and • 2,237 sf of improvements on 9th Avenue N.
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7. Incorporate clear and obvious design cues to delineate between the public property and the private property. The design approach should clearly indicate, including to people with vision impairment, that the alley and the triangular portion of right-of-way at the corner of 9th Ave and Denny Way are public places. This could include (but is not limited to):

- the use of curbs, rolled curbs or other design approaches to obviously demarcate the public right-of-way from private property;
- modifying the proposed special paving proposed for the alley to more clearly and obviously differentiate it from the paving proposed on private property OR alter the proposed paving plan to use standard sidewalk paving design for all public right-of-way spaces (including the alley, sidewalks, etc.) and use a different paving scheme for the private property;
- additional wayfinding to ease navigation through and within the site; and
- additional elements such as landscaping; furniture including benches, planters, and seating; pedestrian lighting; signage; and art elements.

The petitioner shall present the proposed design strategy to address this condition to the Design Commission for review. The petitioner should also consult with the Commission for People with Disabilities on changes that include curbing or other physical elements to address any potential disability access issues. The final design shall require the review and approval of SDOT.

Signed by me in open session this _____ day of _____, 2023.

President _____ of the City Council

IN THE MATTER OF THE REQUEST BY CITY INVESTORS IV, LLC TO EXTEND APPROVAL OF THE VACATION OF A SUBTERRANEAN PORTION OF THE ALLEY IN BLOCK 89 LYING BETWEEN JOHN STREET AND DENNY WAY IN THE SOUTH LAKE UNION URBAN CENTER NEIGHBOHROOD OF SEATTLE

CLERK FILE 313984

CLERK FILE 314517

The City Council amends its grant of approval of the petition from City Investors IV, LLC (City Investors or Petitioner) for the vacation of a subterranean portion of the Alley in Block 89 lying between John Street and Denny Way in the South Lake Union Urban Center neighborhood of Seattle, described as:

That portion of the alley bisecting Block 89, D.T. Denny's 5th Addition to North Seattle, according to the plat thereof, recorded in Volume 1 of plats, page 202, Records of King County, Washington, lying below an inclined plane situated 6.00 feet below, and parallel with, the finished grade elevation of said alley, said inclined plane being more particularly described as follows:

**Beginning at a point on the south right-of-way line of John Street at the north end of said alley, said point having an elevation of 57.8 feet;
Thence south along the course of the alley a distance of 100.00 feet to a point having an elevation of 62.4 feet;
Thence continuing south along the course of the alley a distance of 130.5 feet to a point having an elevation of 63.7 feet;
Thence continuing along the course of the alley a distance of 130.5 feet, more or less, to a point on the north right-of-way line of Denny Way and the terminus of said inclined plane, said point having an elevation of 61.4 feet.**

The inclined plane herein described spans the full alley and is bounded on the north by the south right-of-way line of John Street, on the south by the north right-of-way line of Denny Way, on the east by the west line of Lots 1 through 6 and on the west by the east line of Lots 7 through 12, all of said Block 89.

The elevations described herein are expressed in terms of North American Vertical Datum of 1988 (NAVD 88) and are based upon City of Seattle Benchmark No. SNV-5007, a 2 inch surface brass disk in the concrete walk, vicinity of the Northwest corner of Westlake Avenue and 9th Avenue, elevation 79.14 feet.

The street proposed for vacation includes approximately 5,776 square feet of right-of-way.

The City Council extends its grant of approval of the City Investors petition contained in Clerk File 313894 and approved on December 7, 2015, to December 7, 2030. Conditional approval of the vacation ends on December 7, 2030.

The vacation is granted upon the Petitioner meeting the following conditions. The Petitioner shall demonstrate that all conditions imposed on the vacation by the City Council have been

satisfied: all utility work relating to the vacation including easements or other agreements is completed; all public benefit elements have been provided; any other agreements or easements have been completed and recorded as necessary; and all fees paid, prior to the passage of the street vacation ordinance.

1. The vacation is granted to allow the Petitioner to build a project substantially in conformity with the project presented to the City Council and for no other purpose. The project must be substantially in conformity with the proposal reviewed by the Transportation Committee in September of 2015.
2. All street improvements shall be designed to City standards, as modified by these conditions to implement the Public Benefit requirements, and be reviewed and approved by the Seattle Department of Transportation; nonstandard elements will require a Street Use Permit and indemnification agreement; elements of the street improvement plan and required street improvements to be reviewed include:
 - Street improvement plan showing sidewalks, street trees, bike racks, street furniture, lighting, art or artist-made elements, signage or wayfinding, and landscaping around the site.
 - Permitted encroachments in the public alley such as treatments to the surface of the alley and other elements as noted above.
 - Elements that distinguish public right-of-way from private property, including clear signage, property demarcation, and changes in paving treatment, street furniture and landscaping.
3. The utility issues shall be resolved to the full satisfaction of the affected utility prior to the approval of the final vacation ordinance. Prior to the commencement of any development activity on the site, the Petitioner shall work with the affected utilities and provide for the protection of the utility facilities. The City shall require indemnification for the private structure below the public alley. This may include easements, restrictive covenants, relocation agreements, or acquisition of the utilities, which shall be at the sole expense of the Petitioner. Utilities impacted include:
 - Seattle Public Utilities, and
 - CenturyLink Communications.
4. ~~It is expected that development activity will commence within 18 months of this approval and that development activity will be completed within five years.~~ Approval of this vacation shall expire on December 7, 2030. In order to insure timely compliance with the conditions imposed by the City Council, the Petitioner shall provide the Seattle Department of Transportation with Quarterly Reports, following Council approval of the vacation, providing an update on the development activity, schedule, and progress on meeting the conditions. The Petitioner shall not request or be issued a Final Certificate of

Occupancy (C of O) for the project until SDOT Street Vacations has determined that all conditions have been satisfied and all fees have been paid.

5. In addition to the conditions imposed through the vacation process, the project, as it proceeds through the permitting process, is subject to SEPA review and to conditioning pursuant to various City codes and through regulatory review processes including SEPA.
6. The Petitioner shall develop and maintain the public benefit elements as defined by the City Council. A Property Use and Development Agreement (PUDA) or other binding mechanism shall be required to ensure that the public benefit elements remain open and accessible to the public and to outline future maintenance obligations of the improvements. The final design of the public benefit elements shall require the review and approval of SDOT Street Vacations. SDOT may request additional review by the Design Commission of the implementation of public benefit elements or the pedestrian enhancements in the alley, as necessary. Public benefit elements in the right-of-way require additional street use permits and indemnification, public and private areas must be distinguished and markers in the sidewalk shall be required. Signage clearly marking public access areas must be reviewed by SDOT and shall be provided. The public benefit requirement includes the following features as well as corresponding development standards, including specific dimensions, which shall be outlined in the PUDA:

Block 89 Subterranean Alley Vacation Public Benefits		
	Public Benefit Item	Description
1	Alley right-of-way improvements	Special paving, landscaping, pedestrian-scaled lighting, wayfinding, seating, and furnishings in the alley right-of-way between John St and Denny Way, which remains in public ownership. <ul style="list-style-type: none"> • Approximately 7,444 sf of alley improvements.
2	Improvements to the triangular portion of right-of-way at the corner of 9 th Ave and Denny Way	Paving based on 2'x2' City of Seattle standard sidewalk module, landscaping, lighting, and seating. <ul style="list-style-type: none"> • Approximately 4,506 sf of improvements.
3	Green Street improvements on John St	Relocation of existing curb between 9 and 16 feet to the north to expand pedestrian streetscape, including new paving, landscaping, lighting, and seating. <ul style="list-style-type: none"> • Approximately 6,968 sf of improvements.
4	Voluntary setback and streetscape improvements on Denny Way	Expanded street-level building setback, seating, landscaping, and lighting to implement some of the recommendations in the Denny Way Streetscape Concept Plan. <ul style="list-style-type: none"> • Approximately 3,933 sf of improvements.

5	Streetscape improvements on 9 th Ave N and Westlake Ave N	Relocation of existing curb to widen sidewalk, including new paving and additional landscaping. <ul style="list-style-type: none"> • Approximately 906 sf of improvements on Westlake and • 2,237 sf of improvements on 9th Avenue N.
---	--	--

7. Incorporate clear and obvious design cues to delineate between the public property and the private property. The design approach should clearly indicate, including to people with vision impairment, that the alley and the triangular portion of right-of-way at the corner of 9th Ave and Denny Way are public places. This could include (but is not limited to):

- the use of curbs, rolled curbs or other design approaches to obviously demarcate the public right-of-way from private property;
- modifying the proposed special paving proposed for the alley to more clearly and obviously differentiate it from the paving proposed on private property OR alter the proposed paving plan to use standard sidewalk paving design for all public right-of-way spaces (including the alley, sidewalks, etc.) and use a different paving scheme for the private property;
- additional wayfinding to ease navigation through and within the site; and
- additional elements such as landscaping; furniture including benches, planters, and seating; pedestrian lighting; signage; and art elements.

The petitioner shall present the proposed design strategy to address this condition to the Design Commission for review. The petitioner should also consult with the Commission for People with Disabilities on changes that include curbing or other physical elements to address any potential disability access issues. The final design shall require the review and approval of SDOT.

Signed by me in open session this _____ day of _____, 2023.

President _____ of the City Council





BLOCK 89 SUBTERRANEAN ALLEY VACATION

DEVELOPER / PETITIONER

VULCAN REAL ESTATE

ARCHITECT

ZGF ARCHITECTS LLP
ANKROM MOISAN ARCHITECTS, INC.

LANDSCAPE ARCHITECT

HEWITT

STRUCTURAL / CIVIL ENGINEER

COUGHLIN PORTER LUNDEEN

COUNCIL TRANSPORTATION COMMITTEE BRIEFING

05.02.2023 | VULCAN BLOCK 89

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<u>PUBLIC BENEFITS SUMMARY</u>	<u>PG. 6</u>
<u>RENDERINGS</u>	<u>PG. 7</u>

OVERVIEW



APPROVED SUBTERRANEAN ALLEY VACATION

- In December 2015, CF 313894, the City Council approved a 5,776 sf subterranean alley vacation at Westlake Ave, Denny Way, 9th Avenue, and John Street to allow a full block development, including:
 - Residential tower providing housing for approximately 700 people
 - Office tower accommodating approximately 2,000 employees
 - More than 25,000 sf of public realm improvements
- Council approval anticipated construction to begin within 18 months and be completed in three years

REQUESTED ACTION

- An extension of the conceptual approval granted in 2015 timeframe to commence construction in 2027 and complete construction in 2030

WHAT'S THE REASON FOR THE REQUEST?

- Long permit review times with SDCI and SDOT, during which negotiations with a potential tenant for the office tower fell through
- Initial slowdown to find a new tenant
- Onset of the COVID pandemic
- Continued economic uncertainty and uncertainty around the office market

CURRENT STATUS

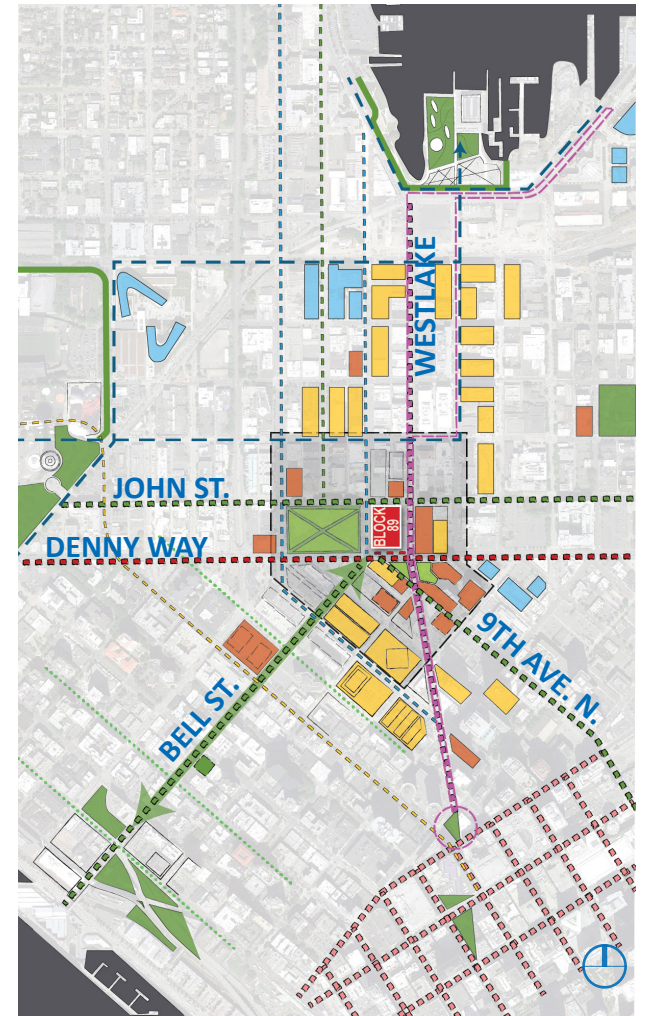
- Work is actively ongoing with SDOT and SDCI on permit review
- Expect to receive entitlements 2024-2025
- Construction to start as soon as possible, subject to market conditions and leasing

URBAN CONTEXT

EXISTING / PROPOSED PROJECTS + VICINITY MAP

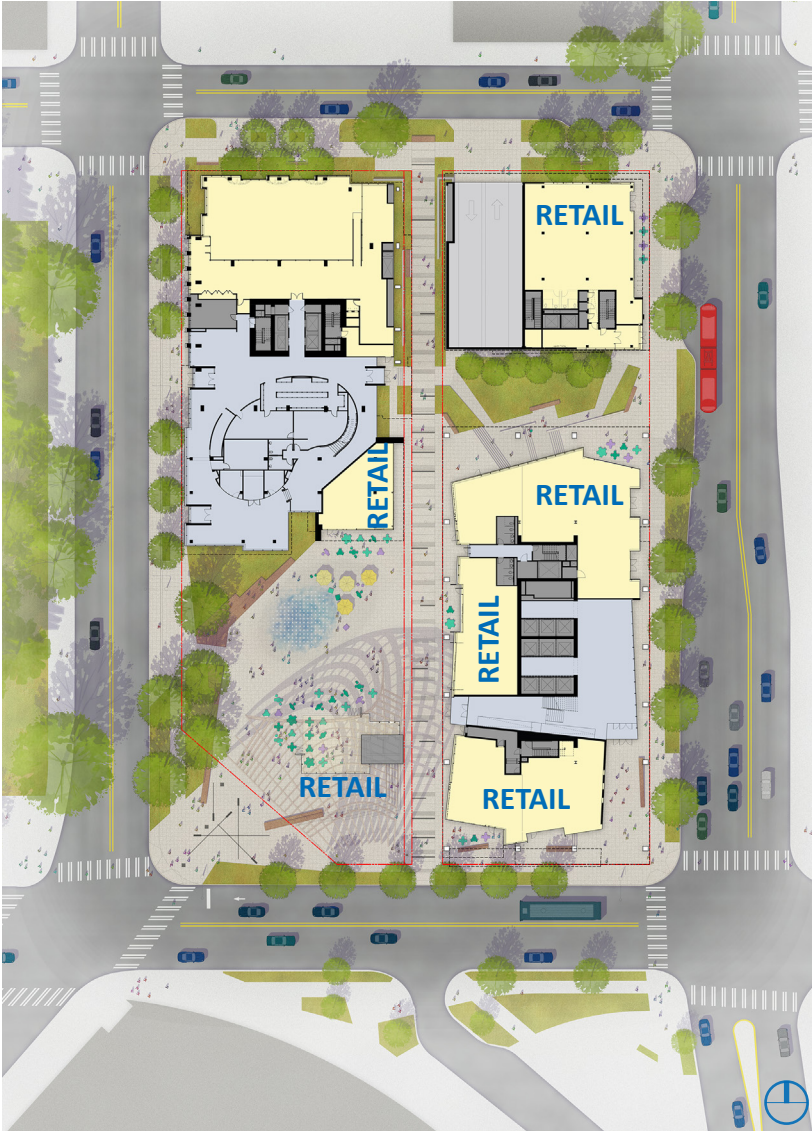


EXISTING / PROPOSED CONTEXT



VICINITY MAP (WESTLAKE / DENNY)

DEVELOPMENT PROPOSAL



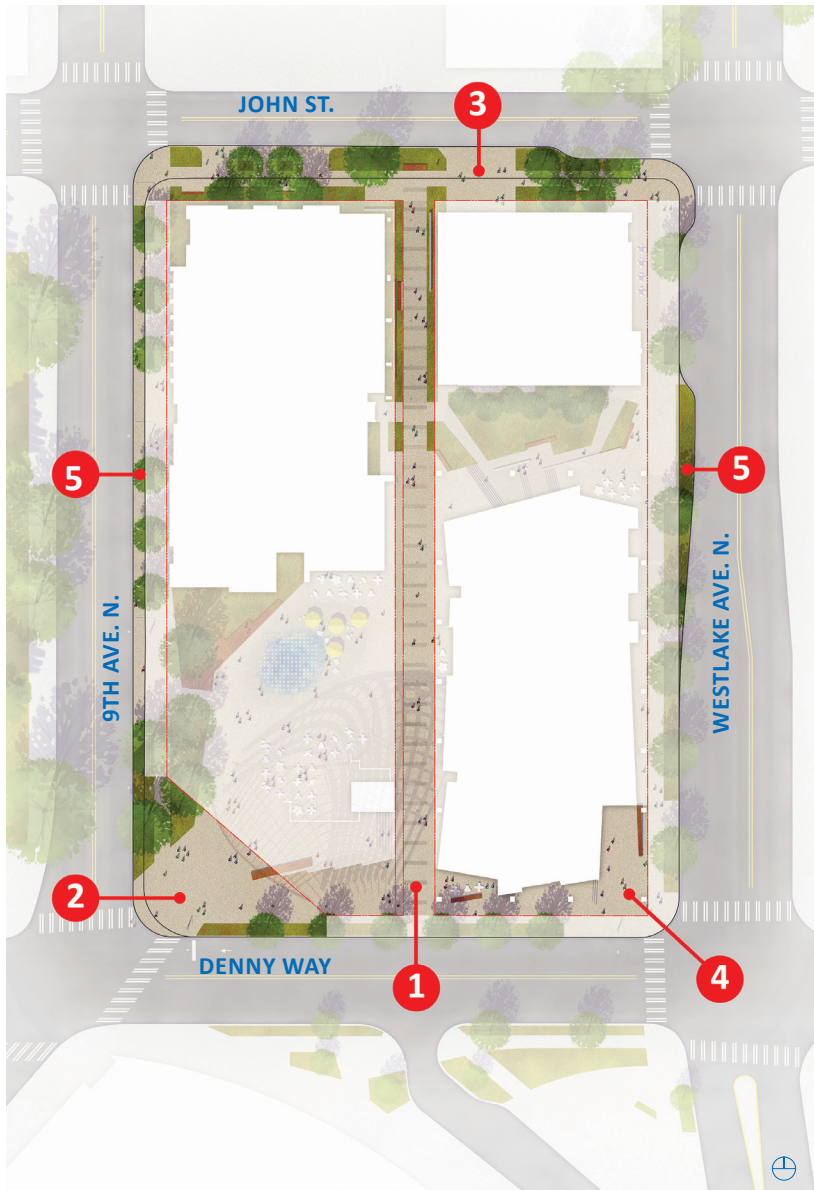
SITE PLAN



- SW PUBLIC PLAZA;
WATER FEATURE;
OPEN AIR PAVILION
- THROUGH-BLOCK CONNECTION
- ALLEY ROW IMPROVEMENTS
- DENNY WAY STREETSCAPE
- JOHN ST. IMPROVEMENTS
- WESTLAKE / 9TH AVE. IMPROVEMENTS
- SINGLE POINT OF VEHICLE ACCESS



PUBLIC BENEFITS SUMMARY



- 1. ALLEY ROW IMPROVEMENTS = Approx. 7,444 SF
- 2. DENNY WAY/ 9TH AVE. N. TRIANGLE ROW AND SIDEWALK IMPROVEMENTS = Approx. 4,506 SF
- 3. GREEN STREET IMPROVEMENTS AT JOHN ST. = Approx. 6,968 SF
- 4. DENNY WAY STREETScape IMPROVEMENTS = Approx. 3,933 SF
- 5. STREETScape IMPROVEMENTS ON 9TH AVE. N. AND WESTLAKE AVE. N. = Approx. 3,143 SF

TOTAL AREA OF ALL PUBLIC BENEFITS: = Approx. 25,994 SF

AREA OF SUBTERRANEAN ALLEY VACATION: = 5,775 SF



THANK YOU



**IN THE MATTER OF THE REQUEST BY CITY INVESTORS IV, LLC TO EXTEND
APPROVAL OF THE VACATION OF A SUBTERRANEAN PORTION OF THE
ALLEY IN BLOCK 89 LYING BETWEEN JOHN STREET AND DENNY WAY IN THE
SOUTH LAKE UNION URBAN CENTER NEIGHBOHOOD OF SEATTLE**

**CLERK FILE 313984
CLERK FILE 314517**

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Signed by me in open session this _____ day of _____, 2023.

President _____ of the City Council



Legislation Text

File #: Inf 2262, **Version:** 1

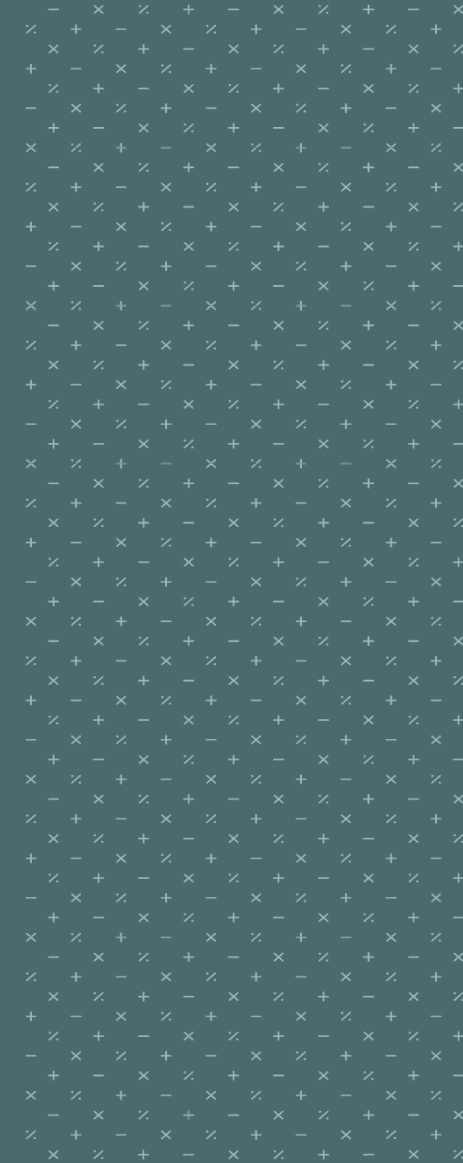


Seattle Public Utilities

Report to Transportation and Seattle Public Utilities Committee
A Committee of the Seattle City Council

REPORT ON 2022 AUDITS

May 2, 2023



Scope of Services

- Separate financial statement audit for each of the three utilities: Water, Drainage & Wastewater, Solid Waste
- SPU management is responsible for the preparation and fair presentation of the financial statements
- Auditor's responsibility is to express an opinion on the financial statements
 - Presented fairly in all material respects
 - In conformity with generally accepted accounting principles
- We test certain systems within the structure of internal controls in place at SPU, and verify debt coverage and debt covenant compliance



2

Purpose of our Audits

- Audits of Seattle Public Utilities (SPU) are relied upon by the Washington State Auditor's Office in their audit of the City – no duplication of efforts
- The financial statements of Seattle Public Utilities are 'rolled up' into the City of Seattle's Annual Comprehensive Financial Report
- Audit report for each fund is used in official statements for bond issuances
- Audit report and financial statements are also available to other stakeholders



Auditor's Reports Issued

Unmodified Opinion

for each of the three separate statements for Water, Drainage & Wastewater and Solid Waste Funds

- Financial statements are presented fairly and in accordance with US GAAP – promulgated by the Governmental Accounting Standards Board (GASB)
- Emphasis of a matter noted for implementation of the new leasing standard
- Reports dated April 28, 2023

Audits and reports on internal control and compliance over financial reporting in accordance with Government Auditing Standards

- No material weaknesses noted as a result of our audits
- No significant deficiencies reported
- Reports dated April 28, 2023



Our Responsibility Under Auditing Standards

1

To **express our opinion on whether the financial statements prepared by management with your oversight** are fairly presented, in all material respects, and conform to US GAAP. However, our audit does not relieve you or management of your responsibilities.

2

To perform an audit in accordance with generally accepted auditing standards issued by the AICPA and *Government Auditing Standards* issued by the Comptroller General of the United States and **design the audit to obtain reasonable, rather than absolute, assurance** about whether the financial statements are free of material misstatement.

3

To **consider internal control over financial reporting as a basis for designing audit procedures** but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.

4

To **communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process.** However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.



Areas of Audit Emphasis

- Cash and Investments: Earnings and classification
- Utility Plant and Related Accounts: Work order cycle, capital projects, right to use assets (leases), depreciation, overhead charges
- Accounts and Other Receivables
- Bonds and Related Accounts: Issuances and repayments, interest expense, covenant compliance, arbitrage liability, debt defeasance
- Regulatory Assets and Liabilities/Credits and Deferred Accounts
- Internal Controls: Cash receipts and disbursements, payroll, financial close and reporting, budgeting, treasury, debt, information technology/general computer controls



Areas of Audit Emphasis – continued

- **Accrued Liabilities:** Environmental remediation liability, pollution remediation obligation and landfill closure/post-closure care
- **Operations:** Retail and wholesale sales, operating expenses, capital and operating contributions and grants
- **Net Position Classification**
- **Outstanding Bonds:** New bond issuances and refundings or defeasance of old bonds
- **Management Discussion & Analysis and Note Disclosures**



Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Significant Accounting Practices:

Our views about qualitative aspects of SPU's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures.

MOSS ADAMS COMMENTS

- The quality of SPU's accounting policies and underlying estimates are discussed in Note 1 to the financial statements. There were no changes in SPU's approach to applying the critical accounting policies.
- Management Estimates –
 - unbilled revenue,
 - allowance for doubtful accounts,
 - certain bond related accounts,
 - depreciable lives of capital assets,
 - environmental liabilities, litigation, contingencies,
 - landfill closure and post-closure care (within Solid Waste),
 - other post employment benefits, compensated absences



Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Significant Difficulties encountered during the audit

Disagreements With Management:

Disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Utilities' financial statements, or the auditor's report.

MOSS ADAMS COMMENTS

None

There were no disagreements with management



Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Uncorrected misstatements

Uncorrected misstatements that were brought to the attention of management as a result of audit procedures.

Material, corrected misstatements

Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.

MOSS ADAMS COMMENTS

No material uncorrected misstatements were identified as a result of our audit.

No material misstatements were recorded as a result of our audit.



Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Representation made by management

Other findings or issues, if any, arising from the audit that are, in the auditor's professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process

MOSS ADAMS COMMENTS

Moss Adams obtained representation letters from management

GASB 87 *Leases* was implemented in 2022 with minimal impact on the financial statements. The prior year 2021 financial statements were restated in order to retroactively implement the standard back to January 1, 2021. This is explained in Notes 1 and 5 within each set of financial statements.



Matters to Be Communicated to the Governing Body

MATTERS TO BE COMMUNICATED

Management's consultation with other accountants

Potential Effect of Any Significant Risks and Exposures

Independence

MOSS ADAMS COMMENTS

None noted

SPU is subject to potential legal proceedings and claims that arise in the ordinary course of business. SPU appropriately discloses its exposure in the footnotes of each of the financial statements.

Moss Adams is independent with respect to SPU and the City of Seattle



Acknowledgements

Thank you!

- Regular communication and status meetings were held between Moss Adams and SPU staff throughout the audit term;
- ‘Tone at the Top’ and attitude from management was one of helpfulness and openness in response to audit discussions;
- The audit progressed on time as established during the planning stage of the audit; requested schedules and draft financial statements were received on a timely basis;
- All SPU personnel responded to our requests in a timely manner.





THANK
YOU

