

August 12, 2020

MEMORANDUM

To: Transportation and Utilities Committee Members
From: Lish Whitson, Analyst
Subject: Council Bill 119845: John Street Thermal Exchange Tunnel

On Monday, August 17, 2020 the City Council will consider [Council Bill \(CB\) 119845](#), which would grant final approval to Onni DEU (John Street) LLC for the 1120 John Street Thermal Exchange Tunnel. The thermal exchange tunnel is intended to capture waste heat and distribute it between the office buildings being built at 1120 John Street (the former Seattle Times building) and the residential buildings being constructed at 1120 Denny Way, at Fairview Avenue N, in South Lake Union, Council District 7. CB 119845 would grant approval for an initial fifteen-year term, which can be renewed once for a total term of up to thirty years.

Because this thermal exchange tunnel crosses under a city street, approval must be granted by the City Council pursuant to [Seattle Municipal Code \(SMC\) Chapter 15.65 – Significant Structure Term Permits](#). Conditional conceptual approval of the term permit was granted in September 2019 under [Resolution 31899](#).

This memorandum summarizes the term permit approval process and describes the conditions of approval under CB 119845.

Significant Structure Term Permits

A significant structure is a structure that has “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 access to utility, pedestrian or vehicular access; public art placed in right-of-way; and overhead structures attached to buildings. SMC Chapter 15.65 establishes the procedures and criteria for approval of term permits for significant structures.

Generally, the City grants approval for a ten-year term, renewable two times for a total term of thirty years.

[SMC 15.65.040.C](#) identifies ten issues that are considered when reviewing whether approve a significant structure:

1. Adequacy of horizontal, vertical, and other clearances;
2. View blockage and impacts due to reduction of natural light;
3. Construction review is at 60% conceptual approval;
4. Interruption or interference with existing streetscape or other street amenities;

5. Effect on pedestrian activity;
6. Effect on commerce and enjoyment of neighboring land uses;
7. Availability of reasonable alternatives;
8. Effect on traffic and pedestrian safety;
9. Accessibility for the elderly and handicapped; and
10. The public benefit mitigation elements provided by the proposal, to the extent required based on the nature of the structure.

The Director of the Seattle Department of Transportation (SDOT) reviews the term permit petition and transmits a recommendation to the City Council for conceptual approval. The Council's review of the proposal considers the ten items noted above in order to determine whether the structure is in the public interest and no reasonable alternative to the structure exists. The Council may provide conceptual approval, conditional conceptual approval or deny the term permit through a resolution.

If SDOT determines that the construction plans are consistent with the Council's approval or conditional approval, SDOT forwards a bill to the City Council for its final decision to grant or deny the application for a proposed new structure permit.

John Street Thermal Exchange

Resolution 31899 granted conditional conceptual approval for a significant structure term permit to the John Street Thermal Exchange project in September 2019. The resolution included six conditions that Onni DEU (John Street) LLC needed to satisfy to receive final approval for the term permit, as follows:

- A. Provide engineering and utility plans for additional review and permitting by the Seattle Department of Transportation (SDOT), which the Director of Transportation (Director) will circulate to other City departments and any public and private utilities affected by the installation of the Thermal Energy Exchange System;
- B. Provide a surety bond, covenant agreement, and public liability insurance naming the City as an additional insured or self-insurance, as approved by the City's Risk Manager;
- C. Pay all City permit fees;
- D. Obtain all necessary permits;
- E. Maintain and inspect the Thermal Energy Exchange System; and
- F. Remove the Thermal Energy Exchange System and restore the right-of-way to in as good condition for public use as existed prior to construction of the Thermal Energy Exchange System and in at least as good condition in all respects as the abutting portions of the public place as required by SDOT right-of-way restoration standards upon expiration of the term permit, or at the direction of the Director or City Council in accordance with the provisions of the term permit ordinance.

Conditions A-D have been met and CB 119845 provides that Conditions E and F will be met if the thermal exchange system is built and operated. If approved, CB 119845 would grant Onni DEU (John Street) final approval to build a tunnel under John Street to operate for a thermal energy exchange system for fifteen years, renewable for another 15 years upon approval by the City.

cc: Kirstan Arestad, Executive Director
Aly Pennucci, Supervising Analyst