City of Seattle
Gregory J. Nickels, Mayor

Department of Planning and Development
D. M. Sugimura, Director

CITY OF SEATTLE
ANALYSIS AND DECISION OF THE DIRECTOR
OF THE DEPARTMENT OF PLANNING AND DEVELOPMENT

Application Number: 3003599

Applicant Name: IRIS Holdings, LLC

Address of Proposal: 500 Fifth Avenue North

SUMMARY OF PROPOSED ACTION

Major Phased Development Permit for future construction of up to 1,000,000 square feet of offices in a campus development for the Bill & Melinda Gates Foundation. The initial phase of construction would be approximately 600,000 square feet. Additional construction would occur in either one or two phases within a fifteen year period. Parking for approximately 1,000 vehicles will be provided.

The following approvals are required:

Design Review – Design Review for Early Project Implementation, Chapter 23.41, Seattle Municipal Code (SMC). No departures from the Land Use Code are being requested.

SEPA - To approve, condition or deny the project pursuant to Chapter 25.05, SMC.

Major Phased Development - Chapter 23.47.007, SMC.

SEPA DETERMINATION: [ ] Exempt [ ] DNS [ ] MDNS [X] EIS*

[ ] DNS with conditions

[ ] DNS involving non-exempt grading or demolition or involving another agency with jurisdiction.

*FEIS published August 31, 2006.

BACKGROUND DATA

Site Description

The subject property is an approximately eight-acre site located at 500 Fifth Avenue North on the east side of the Seattle Center and south of Seattle's Queen Anne Hill. The site is irregularly shaped, and is bounded by Fifth Avenue North on the west, Mercer Street on the north, Aurora Avenue North (State Route 99) and Broad Street on the east, and Harrison Street on the south. The site includes the vacated rights-of-way for Republican Street, Taylor Avenue North, and Sixth Avenue North. The property is owned by the City of Seattle (Seattle Center) and is being sold to IRIS Holdings, LLC (IRIS), a wholly-owned entity of the Bill & Melinda Gates Foundation. IRIS intends to develop a multi-phase contiguous campus to accommodate the foundation's current and future space needs.

The site is generally level, but slopes slightly downward toward the east. The site is currently developed with surface parking lots, a skate board park, a basketball court, and the Seattle Sonics practice facility. The Sonics' lease of the practice facility expires in 2010. The City of Seattle is relocating the skate board park and basketball court. A new parking garage will be constructed for the Seattle Center adjacent to the site, on the east side of Fifth Avenue North between Harrison and Republican Streets, with relocation of affected utilities. The garage is intended to replace the surface parking. These actions are being undertaken separate from the proposed action.

The property is zoned Neighborhood Commercial 3 (NC3) with a maximum height of eighty-five (85) feet. It is also located within the Uptown Urban Center as designated by the City's Comprehensive Plan. Urban Centers are areas that are intended to be high density employment and residential areas that are well served by transit.

Vicinity Description

The surrounding neighborhood is a mixture of commercial, multi-family, and recreational uses. Seattle Center to the west and property to the south of Harrison Street are both zoned Neighborhood Commercial 3 with an 85 foot height limit (NC3-85). Properties south and east of Broad Street are zoned Seattle Mixed with an 85 foot height limit (SM-85). Properties directly north of Mercer Street are zoned Neighborhood Commercial 3 with a 40 foot height limit (NC3-40) with the exception of the eastern-most lot facing Aurora Avenue North between Mercer and Roy Streets. That lot is zoned Commercial 1 with a 65 foot height limit (C1-65).

A large commercial/residential project (Lumen with QFC) is under construction on the block between Fifth Avenue North and Taylor Avenue North, north of the site across Mercer Street. Properties to the south and east of the site are not constructed to full zoning capacity.

Circulation

The site is bounded on the north by Mercer Street, which is one-way eastbound, to the west by a two-way Fifth Avenue North, to the east by Aurora Avenue North, southeast by Broad Street and an off-ramp from Aurora Avenue North, and by Harrison Street on the south. Primary access to the site would be from the Fifth Avenue North and Republican Street intersection.

Improvement projects are proposed for nearby roadways that could affect the project design or traffic patterns from the project. These include:

- Mercer Corridor Project from Fairview Avenue North to Dexter Avenue North, proposed by the Seattle Department of Transportation (SDOT)
- Alaskan Way Viaduct and Seawall Replacement Project (AWVSR), proposed by the Washington Department of Transportation (WSDOT)

If funding is available for these projects and construction proceeds, changes could be made to nearby roadways: (1) adjacent to the project site on Mercer Street between Fifth Avenue North and Dexter Avenue North; (2) Aurora Avenue North; and (3) Sixth Avenue North.

Mercer Corridor Project (Fairview Avenue North to Dexter Avenue North)

The Mercer Corridor Project limits are from Fairview Ave N to Dexter Ave N. The Mercer Street improvements call for the conversion of Mercer Street from one-way to two-way operations, with the provision of three-travel lanes in each direction and additional turn lanes at intersections. The project includes an option to connect to the existing street network, including the Broad Street underpass, between Ninth and Dexter Avenues and an option to connect to the proposed street network that is part of the Alaskan Way Viaduct and Seawall Replacement Project (AWVSR).

SDOT is proceeding with design while completing a NEPA Environmental Assessment for the Mercer Corridor Project, and expects to complete the environmental documentation by the end of 2006. The design is expected to be completed to the 60% level by the end of 2006. SDOT plans to advertise the project for construction in August of 2008, and begin construction in late 2008, if funding is available.

Alaskan Way Viaduct and Seawall Replacement Project (AWVSR)

WSDOT and the Federal Highway Administration (FHWA) are working to replace the existing Alaskan Way Viaduct and Seawall. The project is in environmental review and design for two alternatives, a tunnel option and an elevated structure. Construction would begin in 2009, assuming funding is available.

With both alternatives, improvements would be made to the Battery Street tunnel, and Mercer Street would be widened from four lanes to a seven-lane, two-way roadway between Fifth and Ninth Avenues. If implemented, the widening of Mercer Street would require up to 50 feet in additional setback from the existing roadway along the northern boundary of the project site.

In addition to widening of Mercer Street west of Dexter Avenue North, the proposed AWVSR Project includes two alternatives for improvements to Aurora Avenue North: Lowered Aurora and Partially Lowered Aurora. The Aurora Avenue improvements would close Broad Street between Fifth and Ninth Avenues, close the ramps at Broad Street and Mercer Street, reconfigure access to/from Aurora Avenue to the north of the Battery Street tunnel, and reconnect the street grid in certain areas.

The current proposal would lower Aurora Avenue between Roy Street and Denny Way, and would reconnect several streets across Aurora Avenue, including Harrison Street, Thomas Street, and possibly Republican Street. In addition, the connections between Aurora Avenue and the surface street network would be modified to consolidate access points at Roy Street and Republican Street. Currently included in the reconnection of the streets across Aurora Avenue is the reconnection of Sixth Avenue between Roy Street and Harrison Street, through the proposed project site.

Proposal Description

The applicant proposes to develop a multi-phase contiguous office campus to accommodate the Bill & Melinda Gates Foundation's current and future space needs. The proposed design would have three buildings totaling 1,000,000 square feet. Two of the three buildings would be constructed in the initial phase, with the final construction to be completed prior to year 2021. The buildings are being designed to meet the 85 foot height limit. The office use is permitted outright in the Neighborhood Commercial 3 zone.

There are three *Action Alternatives* discussed in the EIS and the *No Action Alternative*. All *Action Alternatives* assume the existing surface parking will be replaced with a structured parking garage on the east side of Fifth Avenue between Harrison and Republican Streets under separate permits and environmental review. The preliminary design of *Alternative 4a* (see below) would accommodate the reconnection of Sixth Avenue through the proposed project site, if improvements are made to Aurora Avenue and Mercer Street. (See discussion of the AWVSR, above).

The three *Action Alternatives* include:

- *Alternative 2a*, a 1,000,000 square foot development without the reconnection of Sixth Avenue.
- *Alternative 3a*, a 900,000 square foot development without the reconnection of Sixth Avenue.
- *Alternative 4a*, a 900,000 square foot development with the reconnection of Sixth Avenue.

The applicant's preferred alternative is *Alternative 2a*, a 1,000,000 square foot development without the reconnection of Sixth Avenue. As a condition of the property sale, the applicant has agreed to defer the development of the eastern portion of the property until after the expiration of the Sonics' lease of the practice facility in 2010 to allow time for the City of Seattle to determine whether to proceed with the reconnection of Sixth Avenue. The alternative design shown for *Alternative 4a*, which accommodates the reconnection of Sixth Avenue, could be modified from 900,000 to 1,000,000 square feet if the City proceeds with the Sixth Avenue reconnection.

The building set backs for all *Action Alternatives* would be approximately 30 feet from the existing Fifth Avenue North curb lines, and approximately 80 feet from the existing Mercer Street curb line. Primary exterior materials would include the use of stone and clear glazing. Additional materials may include burnished metal panels and detailing. Glass selection would seek to emphasize low-reflective qualities and window wall systems will typically utilize aluminum mullions. Landscape material between the building and the street property line would further reduce any reflectivity.

On-site parking would be provided for 412 vehicles beneath the first phase buildings, with a total of 980 on-site, below-grade spaces provided with full campus build-out. This is a revision from earlier project notices which stated that parking for up to 2,000 vehicles would be provided.

The project includes the removal of the existing surface parking lot and the demolition of the Sonics' practice facility after 2010, installation of formal landscaping throughout the site, and construction of internal roadways and pedestrian pathways. The relocation of affected utilities is occurring in association with the project.

The project would be constructed in two or more phases over a 15-year period as a Major Phased Development. Scheduled completion of Phase 1 would be for the year 2010.

Phase 1 would include grading and installation of major site utilities on the western portion of the site. Two buildings would be constructed; one would generally be located in the northwest corner of the site, and the second within the center of the southern portion of the site, to the east of the new parking garage. Total gross floor area (gfa) constructed in Phase 1 would be approximately 600,000 gross square feet. Underground parking for 412 vehicles would be provided. Landscaping for the entire site west of the vacated Sixth Avenue North would be planted in Phase 1.

Future phases include the construction of an additional office building of approximately 400,000 gross floor area, an additional 568 underground parking spaces (for a total of 980 stalls), and completion of the landscaping for the entire site.

The main entrance to the parking and to the campus would be from the intersection of Fifth Avenue North and vacated Republican Street. The paved area would include access to the new parking garage, located to the south, and a passenger drop off area. The proposal includes improving existing sidewalks on the site frontages along Mercer Street, Fifth Avenue North and Harrison Street as part of Phase 1. Improvements to the sidewalk on the east side of the property will be deferred until the future phase of the project when decisions have been made about the improvements to area roadways.

Additional Information

Development under Phase 1 of a Major Phased Development (MPD) permit is subject to the provisions for permit expiration and renewal found at SMC Chapter 23.76. The Director shall determine the expiration date for subsequent phases of an MPD, but in no case shall the expiration date be later than 15 years from the date of issuance (SMC Section 23.47.007).

Following the issuance of the MPD permit, provided that subsequent permit applications for development of Phase 1 and future phases are consistent with the MPD permit, no further additional environmental review under Seattle's SEPA Ordinance or Design Review will be required. However, any changes in design or project scope will be evaluated by DPD to determine if additional environmental or Design Review will be required. Reopening of Sixth Avenue and associated design changes as contemplated under Alternative 4a may also require additional review. Any changes to the approved MPD would also be subject to SMC 23.47.007.C. regarding minor or major amendments to an MPD.

Public Comment

A public scoping meeting conducted by the City of Seattle's Department of Planning and Development (DPD) to gather community input for the preparation of the Environmental Impact Statement (EIS) was held on November 9, 2005. No comments were received during the scoping comment period. Based on DPD's early review of the project, and in the absence of any scoping comments, DPD determined that the project had the potential to result in significant adverse impacts on only one element of the environment; transportation. Upon publication of the Draft EIS on April 27, 2006, two public hearing were held to gather public comments and to assist in preparing the Final EIS (FEIS). The first hearing was on May 9, 2006 and the second on June 7, 2006. The public comment period was extended until June 9, 2006. The FEIS was published on August 31, 2006. In addition to the official public meetings, comment period and published environmental documents regarding the proposal, there were articles in local newspapers, an applicant-established web site containing project information, and meetings between the applicant and local community groups.

Six people from the public attended the May 9, 2006 hearing and one person attended the June 7, 2006 hearing. Due to the small number of attendees, both public hearings were conducted in a question and answer format. The questions included the height of the buildings, setbacks, improvements to the pedestrian crossing at Fifth Avenue North and Harrison Street, replacement parking for buses and other large vehicles, timing of the garage location and its access points, future plans for improvements to Mercer Street, and potential traffic impacts to the property located south of Harrison Street. No written comments were received from attendees at either of the two public hearings on the Draft EIS.

During the public comment period, two comment letters were received, one from the Seattle Department of Transportation (SDOT) and the second from the Metro Transit Division of the King County Department of Transportation. SDOT provided clarification as to the status and sequencing for future improvements to area roadways, and comments on the transportation analysis. Revisions were made to the text of the DEIS to respond to their comments. Metro commented on the proposed transportation management program (TMP) assumptions and whether the transit assumptions should be increased due to the site being located in an area with excellent transit connections. DPD responded in the FEIS that the long-term TMP goals for this project were consistent with TMP goals for similar types of uses approved by DPD in the project area.

In addition to the public comments received through the EIS process, public comments were solicited as part of the Design Review process. See discussion below.

ANALYSIS – DESIGN REVIEW

Public Meetings and Comments

Two design review meetings were held to provide early design guidance for these projects. The first was held on November 2, 2005 and the second was held on January 18, 2006. An initial recommendation meeting was held on July 19, 2006, and the final recommendation meeting was held on October 4, 2006.

Several members of the public attended the first meeting (November 11, 2005), and four provided comments. Their comments addressed the desire for a lively streetscape along Fifth Avenue and a wide setback along Mercer Street. Concerns were voiced that the perimeter should not be a "fortress," but instead, the campus edges should be transparent and modulated and the campus should engage the community. The design team was asked to be creative in their explorations of campus security needs. It was suggested that the public open spaces "touch" or connect with the interior private open space, and that the Republican entry court be expanded further east into the interior of the campus. The team was also asked to "take great care" in designing the roofs of the structures in light of their visibility from many surrounding areas, particularly from south slopes of QA and taller buildings in the area. Support was expressed for a future re-connection of Sixth Avenue. More information about phasing was requested.

Three members of the public spoke at the second meeting (January 18, 2006). They questioned the longevity of the proposed view across the site, given the recent and upcoming changes in the South Lake Union area. The need for a strengthened program along Fifth Avenue was noted, with a better North/South connection needed along Fifth. Although the 'potlatch trail' is apparently on hold, it was noted that an opportunity exists for its expression by the private sector. The lack of acknowledgement in the design of the urban street grid and neighborhood character to the north was observed, in that the northern edge of the site at Mercer Street needs to better respond to the surroundings. Better public access, deeper into the site was requested, as was a desire to have the buildings as close as possible to the 5th Ave. right-of-way (with minimal setback).

Four members of the public provided comments at the initial recommendation meeting (July 19, 2006). They praised the foundation for their progress in the development of the art program, the improved massing, the iconic imagery for the campus, greater transparency along Fifth Avenue, the location of the convening center, the enhanced view corridors through the site and the choices of materials. The public asked the design team to explore further design development and more "functional activation" along Fifth Avenue north of Republican and at the corner of Fifth and Mercer. It was also noted that it was important to continue consideration of the possible re-opening of Sixth Avenue, noting that it will "take some very careful study to make sure that your 6th Avenue bridging solution would be a safe, well-lit experience." One person expressed concern regarding the scale of the campus relative to other buildings in the neighborhood.

No public comments were offered at the final recommendation meeting (October 4, 2006).

Design Guidance

Four alternatives (including a 'no-action' alternative) were presented at the Early Design Guidance meetings, consistent with the four alternatives described in the EIS and beginning on page four, above.

The Design Review Board members provided the siting and design guidance after visiting the site, considering the analysis of the site and context provided by the proponents, and hearing public comment. The Design Guidelines of highest priority to this project based on the City of Seattle's *"Design Review: Guidelines for Multifamily and Commercial Buildings"* are transcribed and found in the project file available at DPD. A summary of the Board's guidance is provided, below.

The Board identified the following priority guidelines shown in **bold**, *in addition* to those guidelines identified by the applicant:

A: Site Planning

A-4 Human Activity – New development should be sited and designed to encourage human activity on the street.

A-7 Maximize open space opportunities.

A-8 Minimize parking and auto impacts on pedestrians and adjacent property.

A-9 Minimize parking in street front.

B: Height Bulk Scale

B-1 Provide sensitive transition to less intensive zone.

C: Architectural Elements and Materials

C-2 Unified architectural concept.

C-3 Human Scale - The design of new buildings should incorporate architectural features, elements and details to achieve a good human scale.

C-4 Use durable, attractive well detailed materials.

C-5 Minimize visual impacts of parking structures.

D: Pedestrian Environment

D-1 Pedestrian Open Spaces and Entrances - Convenient and attractive access to the building's entry should be provided. To ensure comfort and security, paths and entry areas should be sufficiently lighted and entry areas should be protected from the weather. Opportunities for creating lively, pedestrian-oriented open space should be considered.

D-2 Blank Walls - Buildings should avoid large blank walls facing the street, especially near sidewalks. Where blank walls are unavoidable they should receive design treatment to increase pedestrian comfort and interest.

D-4 Minimize visual and physical intrusion of parking lots on pedestrian areas.

D-5 Minimize visual impact of parking structures.

D-6 Screen dumpsters, utility and service areas.

D-7 Consider personal safety.

E: Landscaping

E-1 Reinforce existing landscape character of the neighborhood
E-2 Landscape to enhance the building on site

Following the second EDG meeting, the applicant was asked to:

- Consider an "iconic" concept for the foundation
- Create a memorable sense of entry for the foundation at the Republican Street court
- Activate the pedestrian experience along Fifth Avenue
- Develop an inspiring identity at the corner of 5th Avenue and Mercer Street
- Strive for a "strong urban expression"
- Reflect the neighborhood context, including the street grid
- Acknowledge the terminus of Taylor Avenue
- Modulate the massing along the long Mercer Street façade
- Focus on the exterior of the campus and the pedestrian experience
- Develop the design with regard to human scale and activity, and enlivening the streetscape.

Response to Design Review Guidance

In response to the Board's guidance, following the second EDG meeting, the design team developed and presented a new concept for the campus. The revised design shows the campus divided into three main structures, which are curved and roughly 'v-shaped' and cantilever over the base structures above the second level. The Republican Street entry court has been increased in width from approximately 86 feet to 150 feet at the foundation entry. Additional details about landscaping were provided for the campus interior and exterior spaces, especially along Fifth Avenue. Conceptual sketches for the Fifth Avenue pedestrian realm illustrated the use of landscaping, benches and artwork. The Mercer Street façade has been modulated to reflect the street grid, in particular the terminus of Taylor Avenue North. Green roofs have been added throughout the campus at the second level rooftops. A materials pallet was presented which includes glazing and limestone on the lower levels of the exterior with a lighter tone, perhaps in granite, for the upper level facades. A possible bridge over vacated Sixth Avenue was also presented for the first time, as part of the design alternative which addresses the potential re-opening of Sixth Avenue.

Concurrent with the revised design, the applicant also modified the proposed phasing of the project. Phase 1 was initially described as approximately 400,000 sq. ft., but will now be closer to 600,000 sq. ft. This change will likely eliminate the need for a third phase of development.

Design Review Board Deliberation - Initial Recommendations

The applicant applied for the Major Phased Development MUP (Master Use Permit) on January 11, 2006. After initial DPD zoning and SEPA review, the Design Review Board was reconvened on July 19, 2006 to review the revised project design and provide initial recommendations.

The Board members were unanimous in their praise for the new design concept for the campus, which they described as "much improved" and "successful." The new concept was viewed as a much more 'iconic' image than the previous design, and more appropriate to the global role of the foundation. The additional green roofs and the two-level concept (with the cantilevered upper stories) were also noted as praiseworthy. Overall, the Board agreed the concept is very good, but needed further refinement.

- **Central Focus:** The Board stated that the campus still needs a stronger sense of place. The central atrium needs to be developed further, as does the corner of Fifth and Mercer for the place to be truly memorable.

- **Entry Sequence:** The Board requested additional detail about the design of the entry plaza at the Seattle Center garage (Harrison St.) and Republican Street entry court. The vehicular and pedestrian experience at the Republican Street entry needs to be described in more detail. The entry feels overpowered by the garage. The Board asks to see, "An entry worthy of the campus."

- **Fifth Avenue Pedestrian Experience:** The Board wants to see active uses along Fifth Ave., and more detail on glazing, etc. at the eye-level view. The Board also wants to see the relationship between the art and the street, and recommends including fountains to bring the water (which is such a strong design element in the campus interior) out to the streetscape.

- **Corner of Fifth & Mercer:** The Board is concerned that the Fifth and Mercer corner is not yet an activated pedestrian level experience. All agree the corner needs to be further 'activated' and enlivened.

- **Active Uses:** As noted above, there has been considerable discussion among the Board members regarding the need for active uses along Fifth Avenue and at Mercer Street. The Board suggested that the active uses be related to the work of the foundations, similar to the exhibit space contemplated as part of the neighboring Seattle Center garage.

- **Alternatives and Phasing:** It was also recommended that if Sixth Avenue is reopened, the structural connection spanning Sixth Avenue should be minimized. One Board member recommended the use of pedestrian bridges, rather than spanning the street with a building.

- **Materials:** The choice of materials was generally well received, but it was noted that the use of local materials should be encouraged. A mix of local and non-local materials could be considered, such as local at the street level and non-local above.

The Board stated that additional resolution of several of those issues is needed and made the following recommendations:

- The central atrium design, as well as the corner of Fifth and Mercer should be further developed to enhance the sense of place and provide memorable focal points for the campus.

- The design of the campus entry should be further developed, to provide a more visually recognizable 'front door,' and with particular attention to the pedestrian experience at the Republican Street court entry.

- The pedestrian experience along the entire length of Fifth Avenue, including the Republican entry court, needs to be enhanced. More detail regarding glazing and transparency at eye level is needed.

- The Fifth and Mercer St. corner be further activated and enlivened both visually and at the pedestrian level.

- The design team should continue to explore options for active uses along Fifth Avenue, and at the Mercer Street corner, which could include retail or other uses possibly related to the work of the foundation.

- The Board would like to see a site plan which shows the campus without Building No. 3 (i.e., following Phase I construction.)

- The design team should minimize the structural connection which spans 6th Avenue under the design alternative in which 6th Avenue is reopened.

- The design team should consider the use of local materials where possible.

Design Review Board Deliberation – Final Recommendations

The Design Review Board was reconvened on October 6, 2006 to review the project design and provide recommendations. The five Design Review Board members present (Patrick Doherty, Christopher Kirk ,Matt Roewe, Bill Vandeventer, and Maria Barrientos) were joined by a sixth voting member (Andrew Glass Hastings) representing the 'get engaged' board member position. The Board Members considered the site and context, the previously identified design guideline priorities, and reviewed the drawings presented by the applicant. **The six Board members recommended conditional approval of the project.**

The Board commended the design team for their "outstanding work" and "incredible improvement' since the initial design concepts. The enhanced design for the Fifth Avenue streetscape was praised for the inclusion of a water feature which will add activity, sound, and movement to the pedestrian realm. In addition to a water feature, landscaping and street furniture including benches on both sides of the sidewalk, there are four locations where artwork will be installed along Fifth Avenue (including the corner of Fifth and Mercer St.). The Board was pleased to see the meeting room and breakout space relocated to incorporate a larger portion of the Fifth Avenue façade, which will include transparency, to increase visual interest at the campus exterior.

There was considerable discussion about the character and nature of the proposed artwork. It was noted that the artwork provides an excellent opportunity to engage and inform pedestrians, and to some extent compensate for the lack of retail along the Fifth Avenue streetscape. Ultimately, a majority of the board members agreed that the art should engage at the pedestrian level, especially along Fifth Avenue. (Guidelines: A4 – Human Activity, A7 – Maximize open space opportunities, C3 – Human Scale, D1 – Pedestrian Open Spaces and Entrances, and D2 Blank walls).

Activation of the corner of Fifth Avenue and Mercer Street was also discussed at length. This corner was described as a focal point for the campus which needs a less 'passive' more 'important' treatment. Four board members recommended that the design team continue to work towards activation and enhancement of the corner, at both the pedestrian and vehicular scale, using such elements as: signage, art, landscaping, street furniture, color, materials or other elements. (Guidelines: A4 – Human Activity, A7 – Maximize open space opportunities, C3 – Human Scale, D1 – Pedestrian Open Spaces and Entrances, and D2 Blank walls).

It was also noted that the sidewalk along Mercer Street is quite narrow in places. Options for widening the sidewalk or otherwise enhancing pedestrian sense of safety are limited at some locations such as the Aurora overpass where the sidewalk is constrained by existing retaining walls. The Board recommended that the sidewalk along Mercer Street should be widened beyond eight feet where possible. Where this is infeasible, the sense of pedestrian safety should be enhanced with the addition of such features as planters, low landscaping or railings. (Guidelines: D1 – Pedestrian Open Spaces and Entrances).

The Board also recommended that if Sixth Avenue is re-opened, the bulk of any structure spanning the street should be minimized and the design of Sixth Avenue should include features to enhance pedestrian comfort and safety such as adequate lighting and sidewalk width. (Guidelines: A4 – Human Activity, A7 – Maximize open space opportunities, C3 – Human Scale, D1 – Pedestrian Open Spaces and Entrances, and D2 Blank walls).

<u>Board Recommended Conditions</u>

1. Artwork along the exterior of the campus will be chosen to engage and inform at the pedestrian level.

2. The corner of Fifth Ave. N. and Mercer Street shall be further activated and enlivened both visually and at the pedestrian level through the use of such elements as: signage, art, additional landscaping and street furniture, color, materials or other elements that highlight its presence.

3. The provide a greater sense of pedestrian safety along Mercer St., the sidewalk along Mercer Street shall be widened beyond eight feet (where practicable) and/or the addition of features such as planters, low landscaping or railings to increase separation between pedestrian and vehicular traffic shall be included on the plans/elevations. Design of these features shall be coordinated with DPD and SDOT.

4. If Alternative 4a, which includes the reconnection of Sixth Avenue, is developed, the applicant will minimize the bulk and coverage of the structural connection which spans 6th Avenue and will include features designed to enhance pedestrian comfort and safety such as adequate lighting and sidewalk width.

ANALYSIS & DECISION – DESIGN REVIEW

Director's Analysis

Six members of the Queen Anne/Magnolia Design Review Board were in attendance and provided recommendations (listed above) to the Director and identified elements of the Design Guidelines which are of highest priority to the project's overall success. The Director accepts the conditions recommended by the Board that further augment Guidelines A4, A7, C3, D1 and D2, which are listed above.

The Director of DPD has reviewed the decision and recommendations of the Design Review Board made by the six members present at the decision meeting and finds that they are consistent with the City of Seattle Design Review Guidelines for Multifamily and Commercial Buildings. The Director agrees with the Design Review Board's conclusion that the proposed project and conditions imposed result in a design that best meets the intent of the Design Review Guidelines and accepts the recommendations noted by the Board.

Director's Decision

The design review process is prescribed in Section 23.41.014 of the Seattle Municipal Code. Subject to the above-proposed conditions, the design of the proposed project was found by the Design Review Board to adequately conform to the applicable Design Guidelines. The Director of DPD has reviewed the decision and recommendations of the Design Review Board made by the six members present at the decision meeting, provided additional review and finds that they are consistent with the City of Seattle Design Review Guidelines for Multifamily and Commercial Buildings. The Design Review Board agreed that the proposed design, along with the conditions listed, meets each of the Design Guideline Priorities as previously identified. Therefore, the Director accepts the Design Review Board's recommendations and **CONDITIONALLY APPROVES** the proposed design with the conditions enumerated above and listed at the end of this Decision.

Following the issuance of the MPD permit, provided that subsequent permit applications for development of Phase 1 and future phases are consistent with the MPD permit, no further additional environmental review under Seattle's Design Review will be required. However, any changes in design will be evaluated by DPD to determine if additional Design Review will be required. Such additional Design Review may be required if changes in design fall outside the scope of, or are not consistent with, the design review approval for the MPD.

DECISION – DESIGN REVIEW

The proposed design is **CONDITIONALLY APPROVED**.

Design Review Conditions

Design Review conditions are listed at the end of this report.

ANALYSIS - SEPA

The City's Department of Planning and Development (DPD) as lead agency has disclosed the environmental impacts of the proposed office buildings in the *500 Fifth Avenue North Draft Environmental Impact Statement* (DEIS), April 27, 2006 and the *Final Environmental Impact Statement* (FEIS), published August 31, 2006. Traffic, transportation, and parking information in the DEIS and FEIS is supplemented in four appendices. The information provided by the applicant, the comments received, and the experience of DPD with the review of similar proposals form the basis for this decision. The potential environmental impacts are summarized below. Where warranted, mitigation of environmental impacts is imposed under Seattle's SEPA Ordinance (SMC 25.05).

Alternatives Description

The EIS for the 500 Fifth Avenue North proposal considered three action alternatives. *Alternative 2A* would include the construction of a 1 million square foot office campus, parking, and amenities, to serve the Bill & Melinda Gates' Foundation's projected growth over a 15-year period to be constructed in two or more phases. *Alternatives 3a* and *4a* would include the construction of a 900,000 square foot office campus, parking, and amenities. If the City of Seattle proceeds with the reconnection of Sixth Avenue through the project site, the design for *Alternative 4a* would be modified to accommodate up to 1,000,000 square feet.

All three action alternatives would include an approximately 30 foot setback from Fifth Avenue North and an approximately 80 foot setback from Mercer Street. *Alternatives 2a* and *3a* assume that the vacated Sixth Avenue North is not reconnected through the site; Alternative 4a assumes that Sixth Avenue North is reconnected. Briefly the alternatives are described as follows: (For a complete description and comparison of alternatives including site plans, please refer to FEIS, pages 2-1 through 2-19).

Alternative 1

Alternative 1 is the *No Action Alternative*. The *No Action Alternative* would leave the existing site as is, unless and until another proposal is approved. The *No Action Alternative* is defined by the following assumptions:

- Existing 1,217 space surface parking lot remains as is
- Existing access to parking lot remains as is
- The new Seattle Center garage is complete and operational
- The Sonics facility remains as is and operational until September 30, 2010; after that time there would be a similar use in the building
- Roadways remain as is (no improvements to Mercer Street between Fifth Avenue North and Dexter Avenue North, Aurora Avenue North, or Sixth Avenue North)
- No sidewalk improvements are made onsite
- Existing utilities remain as is, except for utilities affected by construction of the Seattle Center garage

Alternative 2a

This is the applicant's preferred alternative. It consists of the construction of three buildings, totaling 1 million square feet, with a maximum height of 85 feet plus additional height for mechanical and other rooftop equipment. Buildings would be in a curved design centered toward the central part of the campus.

The first phase of construction would consist of two of the three planned buildings, a development of approximately 600,000 square feet. The final phase building, located on the eastern portion of the site, would be constructed after the Year 2010 expiration of the Seattle Sonics lease of their practice facility.

Alternative 2a is based on the following assumptions:

- Building square feet
  - Opening day (approximately Year 2010) of approximately 600,000 square feet with 658 parking spaces
  - Approximately 1,000,000 square feet at end of 15-year MPD (approximately Year 2025) with 1,226 parking spaces
- Campus would maintain a secure environment for foundation workers and guests; there would be no public streets or public walkways through the project site
- New Seattle Center garage is complete and operational
- No improvements made to Mercer Street between Fifth Avenue North and Dexter Avenue North, Aurora Avenue North , or Sixth Avenue North
- Sidewalk improvements constructed along Fifth Avenue North and Mercer Street
- Sonics facility closed in 2010; site redeveloped for campus use
- Affected utilities would be relocated

As with *Alternatives 3a and 4a*, the building set backs for *Alternative 2a* would be approximately 30 feet from the existing Fifth Avenue North curb lines, and approximately 80 feet from the existing Mercer Street curb line. Primary exterior materials would include the use of stone and clear glazing. Additional materials may include burnished metal panels and detailing. Glass selection would seek to emphasize low-reflective qualities and window wall systems will typically utilize aluminum mullions. Landscape material between the building and the street property line would further reduce any reflectivity. On-site parking would be provided for 412 vehicles beneath the first phase buildings, with a total of 980 spaces with full campus build-out.

Alternative 3a

Alternative 3a would consist of the construction of three buildings, totaling 900,000 square feet, with a maximum height of 85 feet plus additional height for mechanical and other rooftop equipment. Buildings would be in a curved design centered toward the central part of the campus.

Alternative 3a is based on the following assumptions:

- Building square feet
  - Opening day (approximately Year 2010) of approximately 600,000 square feet with 658 parking spaces
  - Approximately 900,000 square feet at end of 15-year MPD (approximately Year 2025) with 1,226 parking spaces

- Campus would maintain a secure environment for foundation workers and guests; there would be no public streets or public walkways through the project site.
- New Seattle Center garage is complete and operational
- No improvements made to Mercer Street between Fifth Avenue North and Dexter Avenue North, Aurora Avenue North, or Sixth Avenue North
- Sidewalk improvements constructed along Fifth Avenue North and Mercer Street
- Sonics facility closed in 2010; site redeveloped for campus use
- Affected utilities would be relocated

As with *Alternatives 2a* and *4a*, the building set back will be approximately 30 feet from the existing Fifth Avenue North curb line, and approximately 80 feet from the existing Mercer Street curb line. The primary exterior materials would be the same as described for *Alternative 2a*. Landscape material between the building and the street property line will further reduce any reflectivity. On-site parking will be provided for 412 vehicles for a 600,000 square foot development, beneath the first phase buildings with a total of 980 spaces with full campus build-out.

Alternative 4a

This alternative would be designed to accommodate 900,000 square feet **with** improvements to Mercer Street, Aurora Avenue North and a reconnection of Sixth Avenue North.

Alternative 4a is based on the following assumptions:

- Building square feet
  - Opening day (approximately Year 2010) of approximately 600,000 square feet with 658 parking spaces
  - Approximately 900,000 square feet at end of 15-year MPD
- Campus would maintain a secure environment for foundation workers and guests; there would be no public streets or public walkways through the project site[1]
- New Seattle Center garage is complete and operational
- Roadway configuration includes proposed improvements to Sixth Avenue North, Mercer Street, and Aurora Avenue North
- Sidewalk improvements constructed along Fifth Avenue North and Mercer Street
- Sonics facility closed in 2010; site redeveloped for campus use
- Affected utilities would be relocated

As with *Alternatives 2a* and *3a*, the building set back will be approximately 30 feet from the existing Fifth Avenue North curb line, and approximately 80 feet from the existing Mercer Street curb line. The primary exterior materials would be the same as described for *Alternative 2a*. Landscape material between the building and the street property line will further reduce any reflectivity. On-site parking will be provided for 412 vehicles for a 600,000 square foot development, beneath the first phase buildings with a total of 980 spaces with full campus build-out.

[1] If the City of Seattle proceeds with the reconnection of Sixth Avenue North through the site, the campus would maintain a secure boundary outside of the Sixth Avenue North right-of-way.

Funding has not been finalized for the proposed transportation improvements to Sixth Avenue North, Mercer Street between Fifth Avenue North and Dexter Avenue North, and Aurora Avenue North, and no construction schedules have been established. However, *Alternative 4a* is designed to accommodate future phases of the campus to be configured along both sides of reconnected Sixth Avenue North.

Environmental Impacts

The Seattle SEPA ordinance provides substantive authority to consider mitigation of significant adverse impacts resulting from a project (SMC 25.05.655 and 25.05.660). Mitigation, when required, must be related to specific adverse environmental impacts identified in an environmental document and may be imposed only to the extent that an impact is attributable to the proposal. Additionally, mitigation may be required only when based on policies, plans, and regulations as enunciated in SMC 25.05.665 to SMC 25.05.675, inclusive, (SEPA Overview Policy, SEPA Cumulative Impacts Policy, and SEPA Specific Environmental Policies). In some instances, local, state, or federal requirements will provide sufficient mitigation of a significant impact and the decisionmaker is required to consider the applicable requirement(s) and their effect on the impacts of the proposal.

The SEPA Overview Policy (SMC 25.05.665 D) clarifies the relationship between codes, policies, and environmental review. Specific policies for each element of the environment, certain neighborhood plans, and other policies and regulations explicitly referenced may serve as the basis for exercising substantive SEPA authority. The Overview Policy states in part: "*where City regulations have been adopted to address an environmental impact, it shall be presumed that such regulations are adequate to achieve sufficient mitigation*," subject to some limitations. Under such limitations and circumstances (SMC 25.05.665 D 1-7) mitigation can be considered.

The only elements of the environment considered in the Draft and Final EIS were Transportation (operation and construction), Air Quality (construction only), and Noise (construction only). Please refer to FEIS, Table 1-2, beginning on page 1-9, for a summary chart of possible or probable adverse environmental impacts. Please refer to the FEIS, section 3.0, pages 3-1 through 3-9 for a description of affected Transportation environment.

Short-term (Construction) Impacts

The project EIS disclosed construction related impacts in a separate construction impacts section. The following temporary or construction related impacts are expected to result from the proposed development: decreased air quality due to suspended particulates from building activities; hydrocarbon emissions from construction vehicles and equipment; increased dust and other air particulate levels from grading activities; the tracking of mud and dirt onto adjacent streets; increased noise; increased traffic from construction vehicles, equipment, and personnel; and occasional disruption of adjacent vehicular traffic.

Several adopted City codes and/or ordinances or other agency regulations provide mitigation for the identified impacts. Specifically these are: the Grading and Drainage Ordinance (grading, site excavation, temporary shoring, and soil erosion); the Street Use Ordinance (watering streets

to suppress dust, removal of debris from site, submittal of a construction phased transportation plan for construction related traffic impacts); the Building Code (construction measures in general), compliance with Puget Sound Clean Air Agency (PSCAA) standards (control of dust), and the Noise Code (for construction related noise). Compliance with these applicable codes and ordinances will mitigate, reduce, or eliminate most short-term impacts to the environment. However, the project is likely to have adverse impacts with respect to construction noise and traffic circulation that warrant further discussion and/or mitigating measures.

Construction Noise

During each phase of construction, there would be a temporary increase in sound levels near the site due to the use of heavy equipment and the transportation of construction materials. Because of the proximity of the site to both single-family and multi-family residential units on lower Queen Anne Hill, the hours of construction activities should be limited to minimize disruption during the evening hours.

- To reduce the noise impact of construction on nearby properties, construction activities other than in totally enclosed floors should be limited to non-holiday weekdays between 7:30 A.M. and 6:00 P.M. and Saturdays from 9:00 A.M. to 5:00 P.M. Work outside these times should only be allowed if undertaken within the specific context of a noise-mitigation plan submitted to DPD and approved by the DPD planner.

Construction Traffic

The DEIS estimated average daily truck traffic for construction of the 500 Fifth Avenue North project. The highest concentration of truck traffic would coincide with the earthwork and excavation activities. During Phase 1, preliminary estimates indicate that approximately 150,000 to 190,000 cubic yards of material would be removed, generating approximately 15,000 truck trips over an eight to sixteen week time period. This could result in between 200 and 400 trips per day. Traffic would be considerably less during the remaining period of construction.

Construction of future phases for full build-out would not occur until after the year 2010. At this time it is not possible to estimate how much material would be removed in the future phases, however the construction traffic is expected to be less than that estimated for Phase 1.

Construction vehicles for Phase 1 would access the site via the intersection of Fifth Avenue North and Republican Street. According to Tables 3.1-1 (FEIS, page 3-3), this intersection is currently operating at level of service (LOS) A.

The volume of construction vehicle trips would not adversely impact the area intersections to an unacceptable level of service or the street capacity in the site vicinity. A traffic control plan that establishes truck routes for construction vehicles on City streets is required by the Street Use Ordinance. The plan must be approved by SDOT and DPD prior to issuance of a building permit for each phase of construction, and shall address the following:

- Ingress/egress of construction equipment and trucks.
- Truck access routes, to and from the site, for the excavation and construction phases.
- Potential temporary displacement/relocation of any nearby bus stops.

- Information to be posted to provide drivers and pedestrians with advance notice of traffic lane or sidewalk closures, including locations of re-routing pedestrian movements.
- Provision of safe pedestrian and vehicular circulation adjacent to the construction site through the use of temporary sidewalks, signs and manual traffic control (flaggers).
- Regular sweeping and washing operations on streets adjacent to the site.
- Impacts and mitigation of trips associated with construction and/or demolition activities during major events at Seattle Center.

No further mitigation is warranted for construction related traffic impacts.

Summary

Compliance with applicable City codes and ordinances, together with the conditions outlined above is expected to adequately mitigate these short-term impacts.

Long-term Impacts

Long-term or use-related impacts are also anticipated as a result of approval of this proposal including: increased bulk and scale on the site; increased traffic in the area; increased demand for public services and utilities; and increased light and glare.

Several adopted City codes and/or ordinances or other agency regulations provide mitigation for some of the identified impacts. Specifically these are: the Stormwater, Grading and Drainage Control Code (permanent disposal of stormwater); the City Energy Code (public utilities) which will require insulation for outside walls and energy efficient windows, and submittal of energy calculations at time of building permit application; the Land Use Code (bulk and scale, light and glare) which controls the use, site coverage, setbacks, building height, window glazing and location and direction of light standards, and contains other development and use regulations to assure compatible development. Compliance with these applicable codes and ordinances is adequate to achieve sufficient mitigation of most long term impacts resulting from the project.

Some environmental impacts have been identified as adverse and where not mitigated by the above mentioned codes and/or ordinances, warrant further discussion and conditions and/or mitigating measures, as permitted by applicable SEPA policies.

Transportation

A traffic impact analysis is included in the DEIS, pages 3-1 through 3-39. Revisions to the analysis are included at various locations in the FEIS in response to agency comment letters and as a result of the change in design. Changes in the FEIS are noted with a strike-out and underline format.

The traffic analysis for the proposal established a study area that includes adjacent roadways (Mercer Street, Fifth Avenue North, and Broad Street) and 24 area intersections. The intersection locations extend west to First Avenue North and east to the on and off ramps for Interstate 5 (I-5), north to Roy and Valley Streets, and south to Denny Way. Included in the

study are descriptions and analysis of levels of service methods and criteria, traffic signal operations, peak vehicle demand, pedestrian and bicycle circulation. Both the weekday AM and PM peak hour time periods were used in the analysis. Traffic volumes on area streets were collected from various other project data and the Seattle Department of Transportation. Traffic impacts for the full build-out of *Alternative 2* (1,000,000 square feet) were found to be slightly higher than for *Alternatives 3a* and *4a* (900,000 square feet); the impacts for the initial phase (600,000 square feet) for all three *Build Alternatives* would be the same. The proposal meets the transportation concurrency requirements identified in Chapter 23.52 (SMC).

Daily Vehicle Trips - According to the traffic analysis, the proposed project is likely to generate 4,850 new daily vehicle trips at the completion of Phase 1 (year 2010), and 5,625 trips at full build-out (2025). A combined total of 910 AM and 855 PM peak hour trips are anticipated upon completion of the Phase 1 (2010), and a combined total of 1,050 AM and 985 PM peak hour trips are anticipated upon completion of full build-out (2025). Net increases in traffic were found to disperse among several routes to and from the site and generally at opposite flow from the peak traffic flow direction. Thus, no individual route is likely to experience more than moderate increases in traffic.

Level of Service Impacts - The existing levels of service at intersections within the study area were calculated using standard industry methodologies. Based on the capacity analysis, a level of service (LOS) was determined that reflects how much delay would occur for a given vehicle to move through an intersection. Levels of service is expressed by a letter grade that ranges from A to F, with A reflecting the least delays. An LOS of D is considered by the City of Seattle to be acceptable for delays at signalized intersections.

The 2010 AM and PM peak hour traffic volumes forecast in the traffic analysis for year 2010 are comprised of existing traffic, background traffic growth, and traffic generated from specific planned developments anticipated to be occupied by the year 2010. An annually compounded growth rate of 0.5% was applied to the year 2005 peak hour volumes to account for general grown in the study area projected by year 2010.

Of the 24 signalized intersections within the study area, all are currently operating at an acceptable LOS except at Mercer/Fairview which is operating at LOS F in the AM peak and LOS E in the PM peak hour, and Dexter Avenue/Mercer Street and Howell Street/Yale Avenue, both of which are operating at LOS E in the PM peak hour. Without the 500 Fifth Avenue North project, future capacity would remain at acceptable levels in year 2010 at all but seven intersections. The Mercer/Fairview intersection would remain at LOS F in the AM peak and degrade to LOS F in the PM peak. The Stewart Street/Denny Way intersection would degrade to LOS F in the AM peak. The Howell Street/Yale Avenue intersection would degrade to LOS E in the AM peak and LOS F in the PM peak. In the PM peak, the Fairview/Denny intersection would degrade to LOS E, and Westlake/Mercer and Aurora/Denny would degrade to LOS F. The Dexter/Mercer intersection would continue to operate at LOS E in the PM peak hour. (Please refer to FEIS, Tables 3.1-7 and 3.1-8 for LOS information).

In year 2010, five of the signalized study intersections would continue to operate at LOS F without or with the *Alternative 2a* initial phase, including Westlake Avenue/Mercer Street during

the PM peak hour, Fairview Avenue/Mercer Street during both the AM and PM peak hours, Aurora Avenue/Denny Way during the PM peak hour, Stewart Street/Denny Way during the AM peak hour, and Howell Street/Yale Avenue during the PM peak hour. Project impacts to these locations are summarized below in terms of traffic volume impacts. When an intersection reaches LOS F, vehicle delay calculations are sensitive and may not provide a reliable measure of project impacts. Howell Street/Yale Avenue in the AM peak hour, Dexter Avenue/Mercer Street in the PM peak hour, and Fairview Avenue/Denny Way in the PM peak all would operate at LOS E with or without the project.

In addition, three intersections are anticipated to degrade to below LOS D as a result of the addition of project traffic. They include:

- Westlake Ave./Valley St. - LOS D to LOS E (PM Peak Hour)
- Aurora Ave./Denny Way - LOS D to LOS E (AM Peak Hour)
- Stewart St./Denny Way – LOS D to LOS E (PM Peak Hour)

At full build-out (Year 2025) seven of the signalized study intersections will continue to operate at LOS F with or without the project. When an intersection reaches LOS F, vehicle delay calculations are sensitive and may not provide a reliable measure of project impacts. During the AM and PM peak hours, the addition of traffic generated by the *Alternative 2a* build-out would cause the level of service at the following intersections to degrade to below LOS D:

- Ninth Ave./Broad St - LOS D to LOS F (AM Peak Hour)
- Westlake Ave./Valley St. - LOS D to LOS F (AM Peak Hour)
- Fairview Ave./Valley St. - LOS D to LOS E (AM Peak Hour)
- Fairview Ave./Denny Way - LOS D to LOS E (AM Peak Hour), and LOS E to LOS F (PM Peak Hour)

Mitigation - Seattle's Land Use policies call for decreasing reliance on the single occupant automobile and increased use of alternative transportation modes. Under Section 25.05.675.R of the Seattle's SEPA Ordinance, mitigation of traffic and transportation impacts is permitted whether or not the criteria of the Overview Policy (SMC 25.05.665) are met. Accordingly, to reduce the adverse traffic impacts identified in the applicant's traffic study, further mitigation is necessary.

To further encourage the use of transit and other alternative transportation modes, implementation of a Transportation Management Program (TMP) will be required. This TMP will be consistent with the SDOT Director's Rule 94-3 and the DPD's Director's Rule 14-2002, or their successors. The TMP will have a maximum single-occupant vehicle (SOV) goal of 50%. The TMP elements must be implemented prior to issuance of a certificate of occupancy (temporary or final) for Phase 1 of the project and shall continue for the life of the project. The proponent will be required to submit a TMP Acknowledgement letter to DPD and SDOT; this letter must be approved by DPD and SDOT and recorded with the King County Department of Records and Elections prior to issuance of building permits for Phase 1.

Project impacts could also be mitigated by specific capital improvements proposed by the City of Seattle as part of the South Lake Union Transportation Plan or the Washington State Department of Transportation as part of the Alaskan Way Viaduct project. The City has identified a transportation vision for the South Lake Union area that includes a substantial number of planned improvements, including conversion of Mercer Street to a two-way boulevard. These improvements will mitigate a portion of the transportation impacts anticipated from future growth and development in and around South Lake Union.

A total of $1,680,000 has been proposed to reduce transportation impacts of the project within South Lake Union. Although the project will be conditioned to provide mitigation payment prior to issuance for building permits for the first 600,000 square feet of development (the proposed amount in Phase 1), the applicant has volunteered additional mitigation payments to be applied to the first 800,000 square feet of development. Additional mitigation would be required for development beyond 800,000 square feet, as described below. The mitigation funding shall be applied to South Lake Union capital improvement projects identified in the Seattle Department of Transportation's South Lake Union Transportation Study, and shall be applied proportionately to the relative transportation impacts, as identified in the EIS. This funding level results in a per square foot cost for the first 800,000 square feet of development of $2.10. Implementation of a more aggressive TMP goal, with a 40% maximum SOV rate, would reduce this rate to $1.98/square foot. This proposed mitigation would substantially reduce, although not eliminate, the projected transportation impacts of the project in South Lake Union, particularly on the Mercer Corridor. SEPA provides discretion for the decisionmaker to weigh and balance the costs and benefits of a proposed project (SMC 25.05.448 A). This project provides several benefits: preservation of a corridor through the project site for a potential extension of 6th Avenue N to Mercer Street; substantial remedial clean-up of the site, which otherwise may have been at substantial cost to the City; and a strong employment base to support the local retail community in an area that primarily has served special event and tourist activities associated with Seattle Center, along with nearby residences.

In order to appropriately determine and effectively apply transportation mitigation for the expected future impacts of development exceeding 800,000 square feet, the costs of this mitigation will be calculated at the time of application for building permits for structures that would bring the total development on the site to more than 800,000 square feet, and will be based on then-current South Lake Union Transportation Study project lists and capital cost estimates. Sources for the project lists and cost estimates at the time of these building permit applications will be updates or successors to the South Lake Union Transportation Study and DPD Client Assistance Memo 243; in the case of a conflict, the South Lake Union Transportation Study update or successor shall control.

In addition to the TMP and participation in the South Lake Union Transportation Plan, the following is a specific measure to mitigate transportation impacts from project build-out:

- **Fairview Avenue/Denny Way** (PM peak hour only) – this intersection would degrade from LOS E to LOS F during the PM peak hour with the addition of traffic generated by the build-out project *Alternatives*. The addition of project traffic generated by the build-out of *Alternative 2a* would increase intersection traffic volumes by 154 vehicles (3.5

percent) during the PM peak hour. Optimization of the signal timing (cycle length and splits) at this intersection would improve PM peak hour operations at this intersection to LOS E with the *Alternative 2a* build-out.

Even with the TMP and specific intersection improvements being proposed by the City of Seattle as part of the South Lake Union Transportation Plan or the Washington State Department of Transportation as part of the Alaskan Way Viaduct project, there are two intersections where limitations on improvement options and/or capacity restrictions and the proximity to the I-5 accesses likely will result in possible significant unavoidable adverse impacts.

- **Stewart Street/Denny Way** (AM and PM peak hours) – this intersection would continue to operate at LOS F during both the AM and PM peak hours with or without the build-out project *Alternatives*. The addition of project traffic generated by the build-out of *Alternative 2a* would increase intersection traffic volumes by 143 (2.8 percent) during the AM peak hour, and 133 (3.1 percent) during the PM peak hour. Because improvement options are limited due to capacity restraints and its close proximity to the I-5 entrance and exit, this additional traffic likely will result in unavoidable significant adverse impacts.

- **Howell Street/Yale Ave.** (AM and PM peak hours) – this intersection would continue to operate at LOS F during both the AM and PM peak hours with or without the build-out project *Alternatives*. However, the addition of project traffic generated by the build-out of *Alternative 2a* would increase intersection traffic volumes by 7 (0.4 percent) during the AM peak hour, and 80 (2.5 percent) during the PM peak hour. Beyond optimization of signal timing, which would not offset project impacts, mitigation options are limited at this intersection; the additional traffic likely will result in unavoidable significant adverse impacts during the PM peak hour.

Transit and Non-motorized Impacts - At full build-out, approximately 2,870 person trips would be made by transit per day. Of those, approximately 535 would occur in the AM peak hour and 505 in the PM peak hour. Foundation employees would use existing transit routes and the Seattle Center monorail. No noticeable numbers of foundation employees were assumed to use the proposed South Lake Union Streetcar due to the distance between the campus and the streetcar route, and the presence of Aurora Avenue between the two locations. Existing transit service is expected to accommodate the additional demand generated by the *Alternative 2a* build-out with a TMP program and, therefore, no significant adverse impacts to transit operations are expected to occur. Existing non-motorized facilities with the study area are expected to accommodate the portion of the Alternative 2a build-out trips that are expected to walk or bike to the project site, and no significant adverse impacts to non-motorized facilities or operations are expected to occur.

CONCLUSION - SEPA

The FEIS and associated appendices, Master Use Permit plans submitted on the project; and responses to requests for information all comprise DPD's record. Conditions imposed pursuant to SEPA assume installation of mitigating devices, structures and measures noted in the above

analysis. Pursuant to SMC 25.05.600.D.1, DPD relies on the FEIS in conditioning project approval. The SEPA conditions listed below are imposed based on master use permit (MUP) plans submitted January 12, 2006 and subsequently revised, as well as on all environmental documentation submitted to date.

DECISION – SEPA

DPD has determined that the EIS issued and utilized for the environmental analysis of the 500 Fifth Avenue North project and permitted herein, is legally adequate. Based upon the above analysis, the Director has imposed the following conditions pursuant to SEPA and SMC Chapter 25.05 (Environmental Policies and Procedures).

Following the issuance of the MPD permit, provided that subsequent permit applications for development of Phase 1 and future phases are consistent with the MPD permit, no further additional environmental review under Seattle's Design Review will be required. However, any changes in design will be evaluated by DPD to determine if additional Design Review will be required. Reopening of Sixth Avenue and associated design changes as contemplated under Alternative 4a may also require additional review.

SEPA Conditions

SEPA conditions are listed at the end of this report.

ANALYSIS - MAJOR PHASED DEVELOPMENT

In order to be considered a Major Phased Development, a proposal must be a nonresidential, multiple building project which by the nature of its size or function, is complex enough to require construction phasing over an extended period of time (SMC 23.84.025). Major Phased Development approval is a Type II, discretionary land use decision (SMC 23.76.006.C.11) and subject to the criteria established in SMC 23.47.007, which state in part that:

> *A. An applicant may seek approval of a Major Phased Development, as defined in Section 23.84.025. A Major Phased Development proposal is subject to the provisions of the zone in which it is located and shall meet the following thresholds:*
>
> *1. A minimum site size of five (5) acres, where the site is composed of contiguous parcels or contains a right-of-way within;*

The subject property is an approximately eight-acre parcel.

> *2. The project, which at time of application shall be a single, functionally interrelated campus, contains more than one building, with a minimum total gross floor area of two hundred thousand (200,000) square feet;*

The applicant proposes to construct a functionally interrelated campus comprised of three buildings with a total gross floor area of 1 million square feet in two or more phases over 15 years.

3. *The first phase of the development consists of at least one hundred thousand (100,000) square feet in gross building floor area; and*

The first phase would consist of two buildings totaling approximately 600,000 gross square feet, with an additional approximate 400,000 square feet constructed in future phases.

4. *At the time of application, the project supports the land use policies for the zone in which it proposed.*

The proposal supports current land use policies for the Neighborhood Commercial zone. In particular, Land Use Policy **LU**108 which states in part that a wide range of commercial uses should be provided for according to the intended pedestrian, automobile or residential orientation of the area. The proposal supports this policy.

B. *A Major Phased Development application shall contain and be submitted, evaluated, and approved according to the following:*

1. *The application shall contain a level of detail which is sufficient to reasonably assess anticipated impacts, including those associated with a maximum buildout within the timeframe requested for Master Use Permit extension.*

The Master Use Permit (MUP) application for the proposed Major Phased Development included detailed plan submittals for all phases that show the location, scale and use of the individual buildings, internal site circulation, landscaping, and the location of related sidewalk improvements. The EIS discloses the anticipated environmental impacts through full build-out and outlines several mitigation measures.

2. *A Major Phased Development component shall not be approved unless the Director concludes that anticipated environmental impacts, such as traffic, open space, shadow, construction impacts and air quality, are not significant or can be effectively monitored and conditions imposed so mitigate impacts over the extended life of the permit.*

Analyses of traffic and construction impacts to air quality, noise, and traffic are specifically addressed in the EIS. Some environmental impacts are considered adverse and warrant conditions to mitigate impacts over the life of the project. These impacts and mitigation measures are discussed in the SEPA analysis section of this report.

3. *Expiration or renewal of a permit for the first phase of a Major Phased Development is subject to the provisions of Chapter 23.76, Master Use Permits and Council Land Use Decisions. The Director shall determine the expiration date of a permit for subsequent phases of the Major Phased Development through the analysis provided for above; such expiration shall be no later than fifteen (15) years from the date of issuance.*

The scale and complexity of the proposed office campus warrants a fifteen year life for the Master Use Permit. For a company to undertake the initial investment in site development envisioned here, the ability to know the limits for development with certainty over an extended time period is an essential part of a decision to construct. Because the proposal so closely fits the type of development that the policies for the zone seek to encourage, the extended permit time supports the realization of the City's plan for this part of the City and should be encouraged.

The total gross square footage proposed for phase one far exceeds the minimum first phase requirement of 100,000 gross square feet, and the proposed phased construction intervals can be adequately monitored. Each phase of construction would require a separate building permit review with the conditions of this MUP approval clearly delineated on the approved plans. Modifications or changes to the approved Major Phased Development may require an amendment of the MUP. Minor modifications as defined by SMC 23.47.007.C can be approved administratively. Any major modifications would require the submittal of a revised Major Phased Development application and public review. Based on the above analysis, the Director determines that the proposed office campus meets the criteria for Major Phased Development approval and should be conditioned to reflect the phased construction as proposed.

Following the issuance of the MPD permit, provided that subsequent permit applications for development of Phase 1 and future phases are consistent with the MPD permit, no further additional environmental review under Seattle's Design Review will be required. However, any changes in design or project scope will be evaluated by DPD to determine if additional environmental or Design Review will be required.

DECISION - MAJOR PHASED DEVELOPMENT

The proposed action is **CONDITIONALLY GRANTED.**

NON-APPEALABLE CONDITIONS – ZONING COMPLIANCE

Prior to MUP Issuance (Non-Appealable)

1. The five items requested in the Zoning Correction Notice dated September 11, 2006, must be provided.

NON-APPEALABLE CONDITIONS – DESIGN REVIEW

Prior to MUP Issuance (Non-Appealable)

2. Update the submitted MUP plans to reflect all of the recommendations made by the Design Review Board and reiterated by the Director's Analysis. The plans shall also reflect those architectural features, details and materials described at the Design Review Recommendation meetings. The 11 x 17 colored elevation drawings from the DR Recommendation meetings and as updated, must be incorporated into the MUP plans prior to issuance, and also incorporated into the Building Permit Plans in order to facilitate subsequent review of compliance with Design Review.

3. All of the conditions listed at the end of this decision must be shown on the cover sheet for the MUP permit and for all subsequent permits including updated MUP plans, and all building permit drawings.

4. Compliance with all applicable conditions must be verified and approved by a DPD Land Use Planner at the specified development stage, as required by the Director's decision. The Land Use Planner shall determine whether the condition requires submission of additional documentation or field verification to assure that compliance has been achieved. **Prior to any alteration of the approved plan set on file at DPD, the specific revisions shall be subject to review and approval by the Land Use Planner.**

During Construction (Non-Appealable

5. Any proposed changes to the exterior of the building or the site or must be submitted to DPD for review and approval. Any proposed changes to the improvements in the public right-of-way must be submitted to DPD and SDOT for review and for final approval by SDOT.

Prior to Issuance of Certificate of Occupancy for Each Phase (Non-Appealable)

6. Compliance with all images and text on the MUP drawings, design review meeting guidelines and approved design features and elements (including exterior materials, landscaping and ROW improvements) shall be verified by the DPD Land Use Planner assigned to this project. An appointment with the assigned Land Use Planner must be made at least three (3) working days in advance of field inspection. The Land Use Planner will determine whether submission of revised plans is required to ensure that compliance has been achieved.

CONDITIONS – DESIGN REVIEW

Prior to Phase I Building Permit Issuance

7. The applicant shall develop an Art Plan for the proposed artwork on Fifth Avenue N. and at the corner of Fifth Avenue N. and Mercer Street for review and approval of DPD. The artwork shall be located at street level, and shall be chosen with the intent to engage and inform pedestrians and be visible to vehicular traffic. The Art Plan will include at least three art pieces located along Fifth Avenue N. between Republican and Mercer Street and at least one significant art piece at the corner of Fifth Avenue N. and Mercer Street.

8. In addition to the art piece described above, the corner of Fifth Ave. N. and Mercer Street shall be further activated and enlivened both visually and at the pedestrian level through the use of such elements as: signage, art, additional landscaping, street furniture (including seating), color, materials or other elements that highlight the prominence of this intersection.

9. To provide a greater sense of pedestrian safety along Mercer St., the sidewalk along Mercer Street shall be widened beyond eight feet (where practicable) and/or the addition of features such as planters, low landscaping or railings to increase separation between pedestrian and vehicular traffic shall be included on the plans/elevations. Design of these features shall be coordinated with DPD and SDOT.

Prior to Phase 2 Building Permit Issuance

10. If Alternative 4a, which includes the reconnection of Sixth Avenue, is developed, the applicant will minimize the bulk and coverage of the structural connection which spans 6th Avenue and will include features designed to enhance pedestrian comfort and safety such as adequate lighting and sidewalk width.

CONDITIONS - SEPA

Prior to Issuance of Building Permit for Phase 1

The owner or responsible party shall:

11. Provide a recorded TMP Acknowledgment Letter, as required by the SDOT Director's Rule 94-3 and the DPD Director's Rule 14-2002, or their successors, stating their understanding of condition number 5 below.

12. Provide a transportation mitigation fee payment of $1,680,000 to SDOT, as the project's proportional share of costs for capital improvements identified in the South Lake Union Transportation Study for the initial 800,000 square feet of development.

13. A traffic control plan that establishes truck routes for construction vehicles on City streets is required by the Street Use Ordinance. The plan must be approved by SDOT and DPD prior to issuance of a building permit for each phase of construction, and shall address the following:

- Ingress/egress of construction equipment and trucks.
- Truck access routes, to and from the site, for the excavation and construction phases.
- Potential temporary displacement/relocation of any nearby bus stops.
- Information to be posted to provide drivers and pedestrians with advance notice of traffic lane or sidewalk closures, including locations of re-routing pedestrian movements.
- Provision of safe pedestrian and vehicular circulation adjacent to the construction site through the use of temporary sidewalks, signs and manual traffic control (flaggers).
- Regular sweeping and washing operations on streets adjacent to the site
- Impacts and mitigation of trips associated with construction and/or demolition activities during major events at Seattle Center.

During Construction for Each Phase

The following condition(s) to be enforced during construction shall be posted at the site in a location on the property line that is visible and accessible to the public and to construction personnel from the street right-of-way. If more than one street abuts the site, conditions shall be posted at each street. The conditions will be affixed to placards prepared by DPD. The placards will be issued along with the building permit set of plans. The placards shall be laminated with clear plastic or other waterproofing material and shall remain posted on-site for the duration of the construction.

14. To reduce the noise impact of construction on nearby properties, construction activities other than in totally enclosed floors shall be limited to non-holiday weekdays between 7:30 A.M. and 6:00 P.M. and Saturdays from 9:00 A.M. to 5:00 P.M. Work outside these times shall only be allowed if undertaken within the specific context of a noise-mitigation plan submitted to DPD and approved by the DPD planner.

Prior to Issuance of a Temporary or Permanent Certificate of Occupancy for Phase 1 and for the Life of the Project

15. Implement a Transportation Management Program (TMP) consistent with and including the Standard implementation Requirements as described in the SDOT Director's Rule 94-3 and the DPD Director's Rule 14-2002. The TMP shall include an SOV goal of no more than 50%.

Prior to Issuance of Building Permit(s) for Future Phase(s)

16. Provide a transportation mitigation fee payment to SDOT, equal to the project's proportional share of costs for capital improvements identified in the South Lake Union Transportation Study for development beyond 800,000 square feet. Sources for the capital project list and cost estimates will be updates or successors to the South Lake Union Transportation Study and DPD Client Assistance Memo 243 in place at the time of building permit application; in the case of a conflict, the South Lake Union Transportation Study update or successor shall control.

17. A traffic control plan that establishes truck routes for construction vehicles on City streets is required by the Street Use Ordinance. The plan must be approved by SDOT and DPD prior to issuance of a building permit for each phase of construction, and shall address the following:

- Ingress/egress of construction equipment and trucks.
- Truck access routes, to and from the site, for the excavation and construction phases.
- Potential temporary displacement/relocation of any nearby bus stops.
- Information to be posted to provide drivers and pedestrians with advance notice of traffic lane or sidewalk closures, including locations of re-routing pedestrian movements.
- Provision of safe pedestrian and vehicular circulation adjacent to the construction site through the use of temporary sidewalks, signs and manual traffic control (flaggers).
- Regular sweeping and washing operations on streets adjacent to the site
- Impacts and mitigation of trips associated with construction and/or demolition activities during major events at Seattle Center.

Prior to Issuance of a Temporary or Permanent Certificate of Occupancy for Phase 2

18. Pursuant to approval from SDOT, optimize signal timing at the intersection of Fairview Avenue/Denny Way.

CONDITIONS - MAJOR PHASE DEVELOPMENT

The owner(s) and/or responsible party(s) shall:

Prior to the Issuance of a Master Use Permit

19. Provide a letter of intent to construct and operate the 500 Fifth Avenue North project as proposed in the Master Use Permit application for phased construction and described as *Alternative 2a* in the EIS, including mitigation measures and conditions of approval listed in the decision and the EIS. The form of the letter must be approved by the Director.

Compliance with conditions must be verified and approved by the Senior Land Use Planner assigned to this project at the specified development stage, as required in the Director's decision. You must make an appointment with the assigned Land Use Planner at least three (3) working days in advance of any final inspection if required. The Land Use Planner will determine whether the condition requires submission of additional documentation or a verification to ensure that compliance has been achieved.

Signature: (signature on file) Date: November 6, 2006
Molly Hurley, Senior Land Use Planner
Department of Planning and Development

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