

**CITY COUNCIL AGENDA TOPIC**

Ordinance renewing the non-exclusive franchise granted by Ordinance No. 6275 to Olympic Pipe Line Company, LLC, a Delaware limited liability company for an additional ten (10) years; making minor updates and clarifications; providing for severability, and establishing an effective date.

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**EXECUTIVE SUMMARY****ACTION**

Staff requests the approval of the renewal of the city's current Petroleum Products Franchise Agreement with Olympic Pipeline Company. The franchise agreement was enacted in 2016 for a 10-year term with the option to renew for an additional 10-year term at the discretion of Council. Most recently, on February 24, 2026, under Resolution 10589, the franchise agreement was temporarily extended to allow time for staff to finalize terms with Olympic Pipeline Company and to prepare this renewed Petroleum Products Franchise Agreement.

**RECOMMENDATION**

Move to adopt Ordinance No. 6922

**BACKGROUND/ANALYSIS**

The Petroleum Products Franchise Agreement with Olympic Pipeline was adopted by City Council on February 16, 2016 under Ordinance 6275 (Attachment A). The current Franchise Agreement was granted for a term of 10 years and, in 2026, per the terms of Section 4.1 of the Franchise Agreement, is eligible for an extension of an additional 10-year term. Both Olympic Pipeline and City staff recommend proceeding with renewal of the Franchise Agreement for an additional 10-year term.

Prior to its expiration date, the Franchise Agreement was temporarily extended for a nine-month term on February 24 under Resolution 10589 (Attachment B). The temporary extension was adopted pursuant to Section 4.3 of the franchise agreement and provided time for staff to finalize terms with Olympic Pipeline Company. Both parties intended to proceed with the formal 10-year renewal that is being presented today, but during review of the Franchise Agreement, it was identified that certain provisions required updating. The updated language, available in the council library, includes minor changes to the insurance section of the Franchise Agreement and is required to align with current industry standards and to clarify certain rights of the City of Bellevue to request insurance documentation. Over the term of the Franchise Agreement, insurance industry standards have changed, and those changes needed to be reflected in the Franchise Agreement. Additionally, both parties agreed to update outdated contact information. Although relatively minor, negotiating and finalizing the updated language between both parties required additional time.

In determining whether to proceed with renewal of the Franchise Agreement, staff followed the steps outlined in BCC 14.20. Per 14.20.080C, the city shall consider whether the applicant has complied with the terms of the existing Franchise Agreement, the quality of the applicant's service, whether the applicant's occupation of the public rights-of-way poses an unacceptable risk, and the applicant's ability to provide the services outlined in the Franchise Agreement. Additionally, staff sought internal feedback from colleagues in the Transportation and Utility Departments who regularly work with Olympic Pipeline on capital improvement projects to provide comment on whether it was in the city's best interest to renew the Franchise Agreement for an additional 10-year term or enter into the negotiation of a new agreement. After carefully assessing these considerations, staff recommend proceeding with renewal of the Franchise Agreement for the additional 10-year term.

The Petroleum Products Franchise Agreement contains language that addresses topics to maintain a high-quality built and natural environment and community safety and health. These topics include but are not limited to:

1. Information Sharing and Confidentiality

An Agreement to Share Information was adopted by ordinance as a companion document to the 2005 Franchise Agreement. During the renegotiation of the current Franchise Agreement in 2016, the parties agreed to incorporate the standalone Agreement to Share Information into the body of the Franchise Agreement. Now Section 20 of the current 2016 Franchise Agreement, the Information Sharing and Confidentiality section, outlines the requirements and expectations around sharing safety information between the city and Olympic Pipeline. Upon request, Olympic Pipeline shall provide certain information to the city such as facility location maps, inspection and repair records, reports of leaks and spills, and emergency response procedures within the franchise area.

2. Permitting and Restoration

The Franchise Agreement ensures the city's authority to require permits for work within the public right-of-way. This allows the city to influence the location and documentation of facilities such as pipes, valves and related infrastructure in the public right-of-way. Permitting requirements help guarantee that when facilities are installed in the public right-of-way, city's infrastructure – such as roads and sidewalks – is properly restored. Additionally, these requirements reduce the risk of conflicts between Olympic Pipeline's facilities and existing city utilities, thereby protecting public assets and maintaining the integrity of city infrastructure.

3. Relocation

As an occupant of the public right-of-way, Olympic Pipeline is subject to relocation if required by the installation of public infrastructure through a city-led capital improvement project. The Franchise Agreement outlines the conditions under which relocation is necessary and specifies when Olympic Pipeline is responsible for associated costs. It also outlines procedures for relocation, including notification requirements and timelines, ensuring clarity and coordination between the city and Olympic Pipeline.

4. Emergency Response Costs

Olympic Pipeline may be responsible for reimbursing the city for any reasonable costs incurred in responding to a spill, leak, or other release of petroleum products. This provision of the

Franchise Agreement helps protect the city from bearing significant emergency response expenses associated with potential pipeline incidents.

Because Olympic Pipeline Company is an interstate pipeline company with over 400 miles of pipeline infrastructure that spans Washington State, the pipeline infrastructure will continue to remain within Bellevue's rights-of-way irrespective of the existence of a Franchise Agreement. However, maintaining the Franchise Agreement provides additional assurance to the city and promotes enhanced public safety, emergency response, and operational transparency. Without the Franchise Agreement, the city would have limited authority to obtain essential information such as system maps, inspection records, reports of leaks or spills, and emergency response procedures. In short, while the physical infrastructure is permanent, the Franchise Agreement provides the city with the accountability and tools necessary to manage risks, protect community health and safety, and support a high-quality built and natural environment.

### **Infrastructure and Regulatory Authority of Olympic Pipeline**

As stated above, Olympic Pipeline Company is an interstate pipeline company with infrastructure across Washington State, and, west of the Cascade Mountains, is the primary petroleum transportation and delivery system to the Pacific Northwest. The pipeline extends from the Cherry Point and Anacortes refineries in Whatcom and Skagit Counties and continues south until terminating at a delivery facility in Portland, Oregon, with delivery facilities also located in Seattle, SeaTac and Tacoma (Attachment C). The pipeline is designated as a Hazardous Liquid Pipeline under federal regulations and transports various grades of gasoline, jet fuel, and diesel fuel. Prior to reaching the Renton Pump Station where fuel is delivered to facilities in Seattle and SeaTac, the pipeline runs through Bellevue with two parallel steel pipes that are 16 and 20 inches in diameter and were constructed in the 1960's and 1970's respectively.

Olympic Pipeline is subject to a tiered regulatory framework: at the federal level through the Pipeline and Hazardous Materials Safety Administration (PHMSA) within the U.S. Department of Transportation; at the state level through the Washington Utilities and Transportation Commission (WUTC); and locally in Bellevue through the Petroleum Products Franchise Agreement. At the federal level, PHMSA has the ultimate authority for setting and enforcing the standards under which pipeline safety regulations operate. This is governed by Title 49 of the U.S. Code, chapters 601-605. PHMSA is responsible for enforcement actions of interstate pipelines. In Washington State, the WUTC has certain authority over interstate pipelines. In 2000, the Washington state Legislature approved the Pipeline Safety Act which sought federal approval for the Pipeline Safety Program, a program within the WUTC, to include inspections of all interstate pipelines. After close coordination with PHMSA, in 2003, the Pipeline Safety Program became the lead inspector for interstate pipelines and incidents in Washington State. This means that the WUTC has the authority to act as an agent for the federal government and perform inspections and report back to the Office of Pipeline Safety within the PHMSA, with recommended enforcement actions.

Neither the city nor the state can impose more stringent safety requirements beyond federal requirements. 49 U.S.C. 60104(c) allows for more stringent safety requirements for certified *intrastate* programs, but preempts additional safety requirements, with the exception of one-call notification programs, on *interstate* facilities, such as Olympic Pipeline:

“A State authority that has submitted a current certification under section 60105(a) of this title may adopt additional or more stringent safety standards for intrastate pipeline facilities and interstate pipeline transportation only if those standards are compatible with the minimum standards prescribed under this chapter. A State authority may not adopt or continue in force safety standards for interstate pipeline facilities or interstate pipeline transportation.

Notwithstanding the preceding sentence, a State authority may enforce a requirement of a one-call notification program of the State if the program meets the requirements for one-call notification programs under this chapter or chapter 61.”

The Franchise Agreement provides for the effective administration of services in the public rights-of-way and aids in protecting public infrastructure, community safety and health, and the built and natural environment. Due to federal law, however, the city is preempted from adding additional safety requirements into a franchise agreement with Olympic Pipeline.

### **Pipeline Safety, Inspections and Compliance, and Emergency Preparedness**

Olympic Pipeline’s inspection and incident record reflects a strong compliance history, with no “serious” incidents statewide, as defined by PHMSA, between 2010 and 2025. According to the incident and accident report published for Olympic Pipeline by PHMSA between the years 2016 and 2025, four incidents occurred in King County, none of which were classified as significant. Each involved less than one barrel of product spilled, primarily due to pump or equipment failure. Separate from the incident reporting, PHMSA operates a Pipeline Safety Enforcement Program that monitors and enforces compliance with safety regulations. The PHMSA enforcement report for Olympic Pipeline over the past two decades reports eight cases between 2006 and 2026, all of which were resolved. No enforcement actions have been taken since 2022. Additionally, WUTC inspections have identified no Bellevue-specific concerns between 2016 and 2023. Several pipeline failure investigations occurred statewide between 2016 and 2025, including an incident most recently in Everett in November 2025. These events underscore the importance of ongoing monitoring and emergency preparedness to protect public safety and environmental quality.

Olympic Pipeline implements comprehensive safety, inspection, and emergency response programs to protect public health and the environment. Olympic Pipeline maintains pre-staged response equipment—including spill response trailers and boats—at strategic locations in Mount Vernon, Tacoma, and Castle Rock. The pipeline infrastructure is equipped with remotely operated valves that can be controlled directly from the control center in Renton. This capability enables a faster response to potential issues by eliminating the need for personnel to manually operate the valves on-site. Olympic Pipeline contracts with oil spill response organizations and emergency response cooperatives and participates in regional and global response networks such as the Northwest Incident Management Team and BP’s Global Mutual Response Team, ensuring access to trained personnel and specialized resources worldwide. In addition to emergency preparedness, Olympic Pipeline conducts regular pipeline inspections using advanced technologies such as “smart pigs,” which detect internal and external corrosion, stress cracks, and excavation damage. Federal regulations require these assessments to occur at least every five years, though Olympic Pipeline may perform them more frequently at its discretion, including within Bellevue. These measures collectively support pipeline integrity, rapid incident response, and the protection of community safety and environmental quality.

## **Conclusion**

Olympic Pipeline's infrastructure helps to reduce the number of tanker trucks on the highway, thus potentially reducing traffic impacts and damage to the city's transportation infrastructure. Olympic Pipeline has owned and operated infrastructure under a Franchise Agreement in Bellevue for decades. The pipeline infrastructure will remain in the city's right-of-way regardless of the existence of a Franchise Agreement. In addition to rigorous federal and state oversight to which Olympic Pipeline is subject, the Franchise Agreement also provides the city additional assurance. After thorough review of the merits of the existing Franchise Agreement, as well as Olympic Pipeline's compliance and safety record, and considering internal feedback from staff in the Transportation and Utility Departments, city staff recommend that the council authorize the renewal of the existing franchise agreement for an additional 10-year term. The Petroleum Products Franchise Agreement provides important protections that advance the city's objectives of maintaining a high quality built and natural environment and ensure community health and safety.

## **POLICY & FISCAL IMPACTS**

### **Policy Impact**

Federal Law:

Title 49 of Code of Federal Regulations Chapters 601-605

State Law:

RCW 81.88 - Gas and Hazardous Liquid Pipelines

Bellevue City Code:

BCC Chapter 14.20 - Franchise Terms and Conditions

Council Strategic Target Areas:

High Quality Built and Natural Environment:

4.3 Preserve and protect the quality of public and private infrastructure, the safety and integrity of the built and natural environment, and address challenges of population growth, climate change and sustainable resource use.

Community Safety and Health:

5.3 Provide and maintain reliable utility services and infrastructure that directly preserve and improve public health.

### **Fiscal Impact**

Section 17 of the Franchise Agreement established the annual franchise fee in 2016 at a rate of \$22,500. The fee shall be increased on an annual basis by the national Consumer Price Index for Urban Consumers (CPI-U) published in January of the applicable year, or by a rate of 1.5%, whichever is greater. The franchise fee for the period of May 26, 2026 – May 25, 2027, is \$30,957.20.

Additionally, it should be noted that the tariffs imposed on Olympic Pipeline by the Federal Energy Regulatory Commission do not directly impact Bellevue community members or businesses.

## **OPTIONS**

1. Adopt the Ordinance renewing the non-exclusive franchise granted by Ordinance No. 6275 to Olympic Pipe Line Company, LLC, a Delaware limited liability company for an additional ten (10) years; making minor updates and clarifications; providing for severability, and establishing an effective date.
2. Do not adopt the Ordinance and provide alternative direction to staff.

## **ATTACHMENTS**

- A. Ordinance 6275 Petroleum Products Franchise Agreement February 16, 2016
- B. Resolution 10589 Authorizing a Temporary Extension of the Petroleum Products Franchise Agreement February 24, 2026
- C. Olympic Pipeline Facilities Map  
Proposed Ordinance No. 6922

## **AVAILABLE IN COUNCIL LIBRARY**

Revised Terms of the Petroleum Products Franchise Agreement