

CITY COUNCIL AGENDA TOPIC

Resolution authorizing execution of a nine-month extension of the existing Olympic Pipe Line Franchise Agreement between the City of Bellevue and the Olympic Pipe Line Company, LLC.

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EXECUTIVE SUMMARY**ACTION**

Staff requests the approval of a nine-month extension of the City's Petroleum Products Franchise Agreement with Olympic Pipeline Company. The Franchise Agreement was executed in 2016 for a 10-year term and expires on February 26, 2026. Staff are seeking Council action to temporarily extend the agreement (as allowed in the current Agreement) for nine months to allow time for staff to finalize terms with Olympic Pipeline Company and to prepare a renewed Franchise Agreement.

RECOMMENDATION

Move to adopt Resolution No. 10589

BACKGROUND/ANALYSIS

The Petroleum Products Franchise Agreement with Olympic Pipeline was adopted by City Council on February 16, 2016 under Ordinance No. 6275 (Attachment A). The current Franchise Agreement was granted for a 10-year term and, pursuant to Section 4 of the Franchise Agreement, is eligible for renewal for an additional 10-year term in 2026. The existing Agreement also allows for the temporary extension if needed and agreed upon by both parties.

Both Olympic Pipeline and city staff intend to proceed with renewal of the Franchise Agreement, but during review of the current Franchise Agreement, identified certain provisions that require updating. Although relatively minor, negotiating and finalizing the updated language between both parties will require additional time.

Staff have been following the criteria outlined in BCC 14.20.080C for consideration of a franchise renewal, including compliance of the applicant 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. As the current Franchise Agreement is set to expire on February 26, staff are seeking Council approval of the proposed Resolution to temporarily extend the Petroleum Products Franchise Agreement for nine months to allow sufficient time to complete negotiations with Olympic Pipeline Company.

POLICY & FISCAL IMPACTS

Policy Impact

Federal Law:

The federal government has the sole regulatory authority for setting and enforcing standards under which interstate pipeline companies operate. The U.S. Department of Transportation's Pipeline and Hazardous Materials and Safety Administration (PHMSA) is responsible for enforcement actions of interstate pipelines under Title 49 of the U.S. Code, chapters 601-605.

State Law:

State regulations on hazardous liquid pipelines are outlined in Chapter 81.88 RCW and 480-93 WAC. Obtaining federal approval in 2003, the Pipeline Safety Program within the Washington Utilities and Transportation Commission (WUTC) is authorized as lead inspector on interstate pipelines and incidents in Washington state. Working on behalf of the federal government, the WUTC performs inspections of interstate pipelines and reports back to PHMSA with recommended enforcement actions.

Bellevue City Code:

BCC Chapter 14.20 establishes the terms, conditions, and administrative requirements governing franchise agreements. This section of City Code also specifies the criteria to be evaluated when considering a franchise renewal application, ensuring that public safety within the public right-of-way is maintained.

Existing Franchise Agreement:

The existing Franchise Agreement between the two parties was approved under Ordinance No. 6275.

Fiscal Impact

No Fiscal impact. The franchise fee will remain unchanged by adoption of this Resolution.

OPTIONS

1. Adopt the Resolution authorizing execution of a nine-month extension of the existing Olympic Pipe Line Franchise Agreement between the City of Bellevue and the Olympic Pipe Line Company, LLC.
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS

- A. Existing Petroleum Products Franchise Agreement – Ordinance No. 6275
- B. Addendum to Extend Franchise Agreement Between Olympic Pipe Line and City of Bellevue Proposed Resolution No. 10589

AVAILABLE IN COUNCIL LIBRARY

N/A