

April 20, 2015

CITY COUNCIL AGENDA MEMORANDUM

SUBJECT:

Resolution No. 8899 authorizing six-month extensions to the existing Olympic Pipeline Franchise Agreement and Agreement to Share Information between the City of Bellevue and Olympic Pipe Line Company (OPLC).

FISCAL IMPACT:

No Fiscal Impact. The Franchise Fee will remain unchanged by adoption of this Resolution.

STAFF CONTACT:

David Berg, Director, 452-6438

Tony Cezar, Right of Way and Construction Manager, 452-7835

Titus Butcher, Right of Way Engineer, 452-6867

Transportation Department

Jerome Roaché, Assistant City Attorney, 452-4085

City Attorney's Office

POLICY CONSIDERATION:

Federal Law:

Olympic Pipe Line Company operates an interstate hazardous liquid pipeline which is regulated exclusively by federal law through the U.S. Department of Transportation, Office of Pipeline Safety (OPS). Local municipalities' ability to enter into franchise agreements with pipeline companies is not pre-empted, as long as additional safety requirements are not enacted.

State Role:

Under signed contract, the Washington Utilities and Transportation Commission (WUTC) inspects Olympic Pipe Line Company's facilities and safety documentation on behalf of OPS.

The City, pursuant to RCW 35A.47.040, has the authority to grant non-exclusive franchises for the use of public streets or other public ways for the transmission and distribution of natural gas and other utilities.

Bellevue City Code:

BCC Chapter 14.20 provides the basic terms and conditions for granting such a franchise. The City grants and manages franchises with utilities and other providers using the rights-of-way and other public ways. Franchise agreements are necessary to balance the effective distribution of services in the public rights-of-way and the need to ensure the health, safety and welfare of the general public.

BACKGROUND:

Olympic Pipe Line Company first entered into a Franchise Agreement with the City in 1964. The current 2005 Franchise Agreement between the two parties was established by Ordinance No. 5603 (Attachment A). The agreement is set to expire on May 26, 2015. On November 4, 2014, in keeping with Section 4.1 of the agreement, Olympic Pipe Line Company requested an extension of the Franchise Agreement for an additional 10 year period.

A separate agreement to share information is in place between the City of Bellevue and OPLC. The Agreement to Share Information (Attachment B) is not incorporated into the Franchise Agreement; it also expires on May 26, 2015. This agreement commits Olympic Pipeline to share pertinent information regarding safety aspects of the pipeline.

During review of Olympic Pipe Line Company's request to extend the franchise agreement, staff became aware that elements of the Agreement to Share Information between the two parties are outdated and require modification and incorporation into the Franchise Agreement itself. Consideration of proposed language between both parties requires additional time for review and comparison with standard practices.

Staff has been reviewing safety documentation, and comparable franchise agreements held by other jurisdictions, but requires additional time before bringing to Council a new Franchise Agreement. With both the Franchise Agreement and the Agreement to Share Information set to expire on May 26, 2015, staff is seeking council action on the proposed Resolution to temporarily extend the agreements by six months to allow time to negotiate terms with OPLC.

EFFECTIVE DATE:

If approved, this Resolution becomes effective immediately upon Council adoption.

OPTIONS:

1. Approve the Resolution authorizing six-month extensions to the existing Olympic Pipeline Franchise Agreement and Agreement to Share Information between the City of Bellevue and Olympic Pipe Line Company (OPLC).
2. Do not approve the Resolution and provide alternate direction to staff.

RECOMMENDATION:

Option 1.

MOTION:

Move to adopt Resolution No. 8899 authorizing six-month extensions to the existing Olympic Pipeline Franchise Agreement and Agreement to Share Information between the City of Bellevue and Olympic Pipe Line Company (OPLC).

ATTACHMENTS:

Attachment A: Existing Franchise Agreement – Ordinance No. 5603

Attachment B: Existing Agreement to Share Information

Attachment C: Proposed Resolution No. 8899