BILL SUMMARY & FISCAL NOTE

Department:	Contact Person/Phone:	Executive Contact/Phone:
Seattle City Light	Sandi Fukumoto / 4-0423	Greg Shiring / 6-4085

1. BILL SUMMARY

Legislation Title:
AN ORDINANCE relating to the City Light Department, approving a 15-year franchise to construct, operate, maintain, replace, and repair an electrical light and power system in, across, over, along, under, through, and below certain designated public rights-of-way in the City of SeaTac.

Summary and background of the Legislation:
This ordinance approves a fifteen-year franchise from the City of SeaTac to construct, operate, maintain, replace and repair an electrical light and power system in, across, over, along, under, through and below certain designated public rights-of-way. The current Franchise Agreement expired on January 1, 2015. Seattle City Light and the City of SeaTac have been engaged in discussions to renegotiate the current franchise and have successfully reached agreement on a new Franchise Agreement, which provides terms and conditions for Seattle City Light to operate within SeaTac's right-of-way.

Seattle City Light ("SCL") provides electric service to the residents and businesses in the cities of Shoreline, Burien, Lake Forest Park, SeaTac and Tukwila (the "Franchise Cities"), under individual Franchise Agreements with each of these cities. The current 15 year Agreements have been in effect starting in 1999. They grant Seattle City Light a non-exclusive franchise to operate within the Franchise Cities' right-of-way, and establish terms and conditions under which Seattle City Light and the Franchise Cities work together on a variety of related issues, including rates as established by Seattle City Council, fees, and operational requirements.

In late 2012, Seattle City Light engaged the Franchise Cities in discussions to renegotiate the Agreements. Meetings were held with the Cities to understand what is working well with the current Agreements, as well as areas for improvement. Following these initial meetings, City Light staff met individually with SeaTac to negotiate an Agreement that maintained consistency with Seattle City Light's Strategic Plan, and provides SeaTac with the same level of outstanding service, reliability, environmental stewardship, and accountability as we provide for customers within the Seattle city limits.

2. CAPITAL IMPROVEMENT PROGRAM

____ **This legislation creates, funds, or amends a CIP Project.**

3. SUMMARY OF FINANCIAL IMPLICATIONS

_X_ This legislation does not have direct financial implications.

4. OTHER IMPLICATIONS

a) Does the legislation have indirect or long-term financial impacts to the City of Seattle that are not reflected in the above?
The proposed agreement would continue a legal framework that provides SCL the certainty of franchise rights when it operates an electrical system in the City of SeaTac. SCL's 2015 Adopted Budget and the 2016 endorsed budget and revised strategic plan assumes that SCL continues this franchise with the associated operational and capital costs and related rate-based revenue. In addition, approval of this proposed Bill will allow SCL to continue to charge its customers in SeaTac a rate differential as specified by the City of SeaTac, and remit a contract fee to the City of SeaTac in consideration of Shoreline foregoing its rights to establish its own electric utility.

b) Is there financial cost or other impacts of not implementing the legislation?
Without a franchise agreement in place, there would be no legal framework in which to operate in the City of SeaTac's right-of-way. SCL and SeaTac would need to continue negotiations for a franchise agreement that would meet approval of both Cities' legislative bodies, which at the very least would have impacts on administrative costs. The assumption is SCL would continue to operate within SeaTac during this time, so there should be no short-term negative impact to SCL's revenues. However, if the proposed Agreement is not approved, the contract fee payment to the City of SeaTac would not continue. Additional long term impacts are unclear, as a franchise is necessary to continue operations in SeaTac's Right-of-way.

c) Does this legislation affect any departments besides the originating department?
No.

d) Is a public hearing required for this legislation?
No.

e) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?
Yes. Per the Franchise Agreement, the City of SeaTac will place the notice within 5 days of effective date of the Agreement; Seattle City Light bears the cost.

f) Does this legislation affect a piece of property?
No.

g) Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities?
N/A.

h) If this legislation includes a new initiative or a major programmatic expansion: What are the long-term and measurable goals of the program? Please describe how this legislation would help achieve the program's desired goals.
N/A.

i) Other Issues:
N/A.

List attachments below:
N/A.