

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Seattle City Light	Phil West / 4-3718	Greg Shiring / 6-4085

Legislation Title:

AN ORDINANCE relating to the City Light Department, approving a fifteen-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 Shoreline.

Summary of the Legislation:

This ordinance approves a fifteen-year franchise from the City of Shoreline 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 expires on July 31, 2014. Seattle City Light and the City of Shoreline have been engaged in negotiations 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 Shoreline's right-of-way.

Background:

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.

Shoreline's current Agreement expires on July 31, 2014.

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 Shoreline to negotiate an Agreement that maintained consistency with Seattle City Light's Strategic Plan, and provides Shoreline with the same level of outstanding service, reliability, environmental stewardship, and accountability as we provide for customers within the Seattle city limits.

X This legislation does not have any financial implications.

Other Implications:

a) Does the legislation have indirect financial implications, or long-term implications?

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 Shoreline. SCL's 2014 Adopted Budget and the 2015/2016 proposed 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 Shoreline a rate differential as specified by the City of Shoreline, and remit a contract fee to the City of Shoreline in consideration of Shoreline foregoing its rights to establish its own electric utility.

b) What is the financial cost 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 Shoreline's right-of-way. SCL and Shoreline 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 Shoreline 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 Shoreline would not continue. Additional long term impacts are unclear, as a franchise is necessary to continue operations in Shoreline's Right-of-way.

c) Does this legislation affect any departments besides the originating department?

No

d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?

N/A – the City of Shoreline municipal code requires a franchise agreement for utilities to operate in their right-of-way

e) Is a public hearing required for this legislation?

No

f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?

No

g) Does this legislation affect a piece of property?

No

h) Other Issues:

List attachments to the fiscal note below:

N/A