#11

Angela Steel
SDOT Shell Pipeline ORD
July 2, 2012
Version #9a

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL 117563

AN ORDINANCE granting Equilon Enterprises LLC dba Shell Oil Products US permission to maintain and operate a pipeline system in, under, along, and across 13th Avenue Southwest and Southwest Florida Street for a twenty-year term, renewable for two successive ten-year terms; specifying the conditions under which this permit is granted; providing for the acceptance of the permit and conditions; and ratifying and confirming certain prior acts.

WHEREAS, Equilon Enterprises LLC dba Shell Oil Products US has applied for permission to maintain and operate the existing pipeline system in, under, along, and across 13th Avenue Southwest and Southwest Florida Street, for the purposes of transmitting petroleum products between their oil storage plant and dock site on Harbor Island; and

WHEREAS, by Ordinance 75817, permission was granted to The Texas Company to construct, maintain, and operate the pipeline system, which permission expired on February 28, 1972; and

WHEREAS, by Ordinance 101844, as amended by Ordinances 110415 and 102656, permission was granted to Texas, Inc. to maintain and operate the pipeline system, which permission was renewed by Resolutions 26695 and 28678 and expired on February 28, 2002; and

WHEREAS, by Resolution 28678, the permission authorized by Ordinance 101844, as amended by Ordinances 110415 and 102656, was transferred to Texaco Refining and Marketing, Inc.; and

WHEREAS, the property owned by Texaco Refining and Marketing, Inc. was sold to Equilon Enterprises LLC dba Shell Oil Products US in March 1999; and

WHEREAS, the adoption of this ordinance is the culmination of the approval process for the pipeline system to legally occupy a portion of the public right-of-way or other public place, NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. **Permission.** Subject to the terms and conditions of this ordinance, the City of Seattle ("City") grants permission (also referred to in this ordinance as a permit) to Equilon Enterprises LLC dba Shell Oil Products US, and its successors and assigns as approved by the

Director of the Seattle Department of Transportation ("Director") according to Section 15 of this ordinance (the party named above and each approved successor and assign is referred to as "Permittee"), to maintain and operate a system of pipe lines, together with all manholes, valves, appurtenances and service connections, including telephone lines in conduits, used in connection with and necessary for the operation of the pipe lines (pipeline system) in, under, along, and across 13th Avenue Southwest and Southwest Florida Street, all within the following described property:

(a) a strip of land 20 feet in width, the center line of which is described as follows: Beginning at a point 21.58 feet due South of the Northeast corner of Lot 47, Block 403, Seattle Tidelands, as shown in the official records of the City of Seattle, County of King, State of Washington; thence North 76°42'13" East, a distance of 20.55 feet to a point; thence North 45°00' East, a distance of 84.85 feet; thence due North a distance of 232.65 feet to a point on the North boundary line produced, of Southwest Florida Street located 10.28 feet South 76°42'13" West of the Northeast corner of Southwest Florida Street and 13th Avenue Southwest; and

(b) a strip of land 13 feet in width, the center line of which is described as follows: Beginning at a point on the North boundary line produced, of Southwest Florida Street and located 6.68 feet South 76°42'13" West of the Northeast corner of Southwest Florida Street and 13th Avenue Southwest; thence due North parallel to the East line of 13th Avenue Southwest and distant westerly therefrom 6.5 feet, a distance of 862.2 feet more or less to a point in the South line of Lot 2, Block G, of the Frink Waterfront Addition, located 34.42 feet North 76°42'13" East of the Southwest corner of the above described Lot 2; and

(c) a strip of land 60 feet in width, the center line of which is described as follows:

Beginning at a point on the North boundary line produced, of Southwest Florida Street which is 13.36 feet South 76°42'13" West of the Northeast corner of Southwest Florida Street and 13th Avenue Southwest; thence due North parallel with the East line of 13th Avenue Southwest and distant westerly therefrom 13 feet, a distance of 105 feet the true point of the beginning of the centerline; thence West 67 feet to the West line of 13th Avenue Southwest and the terminus of the centerline;

Connecting and adjacent in whole or in part to the properties described as:

Lot 47, Block 403, plat of Seattle Tidelands, King County, Washington as recorded in Special Warranty Deed No. 9904192410; and

That portion of Lot 1, Block F, lying east of the prolongation of the west line of 13th Avenue Southwest, Frink's Waterfront Addition, according to the plat recorded in Volume 12 of Plats, page 89, in King County, Washington as recorded in Special Warranty Deed No. 9904192410.

For the purpose of transporting oil, petroleum, gas, gasoline and other liquid substances between the oil storage plant and dock site on Harbor Island.

Section 2. **Term.** The permission granted to the Permittee is for a term of 20 years starting on March 1, 2002 and ending at 11:59 p.m. on February 28, 2022. Upon written application made by the Permittee at least 180 days before expiration of the term, the Director or the City Council may renew the permit twice, each time for a successive ten-year term, subject to the right of the City to require the removal of the pipeline system or to revise by ordinance any of the terms and conditions of the permission granted by this ordinance. The total term of the permission, including renewals, shall not exceed 40 years. The Permittee shall submit any

application for a new permission no later than 180 days prior to the expiration of the then-existing term.

Section 3. **Protection of utilities.** The permission granted is subject to the Permittee bearing the expense of any protection, support, or relocation of existing utilities deemed necessary by the owners of the utilities, and the Permittee being responsible for any damage to the utilities due to the construction, repair, reconstruction, maintenance, operation, or removal of the pipeline system and for any consequential damages that may result from any damage to utilities or interruption in service caused by any of the foregoing.

Section 4. **Removal for public use or for cause.** The permission granted is subject to use of the street right-of-way or other public place (collectively, public place) by the City and the public for travel, utility purposes, and other public uses or benefits. The City expressly reserves the right to deny renewal, or terminate the permission at any time prior to expiration of the initial term or any renewal term, and require the Permittee to remove the pipeline system, or any part thereof or installation on, in or under the public place, at the Permittee's sole cost and expense in the event that:

(a) the City Council determines by ordinance that the space occupied by the pipeline system or any portion thereof is necessary for any public use or benefit or that the pipeline system or any portion thereof interferes with any public use or benefit; or

(b) the Director determines that use of the pipeline system has been abandoned; or

(c) the Director determines that any term or condition of this ordinance has been violated, and the violation has not been corrected by the Permittee by the compliance date after a written request by the City to correct the violation (unless a notice to correct is not required due to an immediate threat to the health or safety of the public).

A City Council determination that the space is needed for, or the pipeline system interferes with, a public use or benefit is conclusive and final without any right of the Permittee to resort to the courts to adjudicate the matter.

Section 5. **Permittee's obligation to remove and restore.** If the permission granted is not renewed at the expiration of a term, or if the permission expires without an application for a new permission being granted, or if the City terminates the permission, then within 90 days after the expiration or termination of the permission, or prior to any earlier date stated in an ordinance or order requiring removal of the pipeline system, the Permittee shall, at its own expense, remove the pipeline system and all of the Permittee's equipment and property from the public place and replace and restore all portions of the public place that may have been disturbed by any part of the pipeline system in as good condition for public use as existed prior to construction of the pipeline system and in at least as good condition in all respects as the abutting portions of the public place as required by SDOT right-of-way restoration standards.

Failure to remove the pipeline system as required by this section is a violation of Chapter 15.90 of the Seattle Municipal Code (SMC) or successor provision; however, applicability of Chapter 15.90 does not eliminate any remedies available to the City under this ordinance or any other authority. If the Permittee does not timely fulfill its obligations under this section, the City may in its sole discretion remove the pipeline system and restore the public place at the Permittee's expense, and collect such expense in any manner provided by law.

Upon the Permittee's completion of removal and restoration in accordance with this section, or upon the City's completion of the removal and restoration and the Permittee's payment to the City for the City's removal and restoration costs, the Director shall then issue a certification that the Permittee has fulfilled its removal and restoration obligations under this

ordinance. Upon prior notice to the Permittee and entry of written findings that it is in the public interest, the Director may, in the Director's sole discretion, conditionally or absolutely excuse the Permittee from compliance with all or any of the Permittee's obligations under this section.

Section 6. **Repair or reconstruction.** The pipeline system shall remain the exclusive responsibility of the Permittee and the Permittee shall maintain the pipeline system in good and operational condition to ensure the continued use of the City's right-of-way for the traveling public. The Permittee shall not reconstruct or repair the pipeline system except in strict accordance with plans and specifications approved by the Director including but not limited to approved traffic management plans that ensure continued use of the rights-of-way during any construction or modification of the pipeline system. The Director may, in the Director's judgment, order the pipeline system reconstructed or repaired at the Permittee's cost and expense because of: the installation, construction, reconstruction, maintenance, operation, or repair of any municipally-owned public utilities; to ensure that individuals may continue to use the City right-of-way for travel or for any other cause.

Section 7. **Violation of any term or condition of the ordinance.** After written notice to the Permittee that a term or condition of this ordinance has been violated and failure of the Permittee to correct the violation within the time stated in the notice, the Director may order the pipeline system be decommissioned and closed-in-place or removed at the Permittee's expense.

Section 8. **Continuing obligations.** Notwithstanding termination or expiration of the permission granted, or closure or removal of the pipeline system, the Permittee shall remain bound by all of its obligations under this ordinance until the Director has issued a certification that the Permittee has fulfilled its removal and restoration obligations under Section 5 of this ordinance. Notwithstanding the issuance of that certification, the Permittee shall continue to be

COUNCIL CLERK

bound by the obligations in Section 9 and 10 of this ordinance and shall remain liable for any unpaid fees assessed under Section 17 of this ordinance.

Section 9. **Release, hold harmless, indemnification, and duty to defend.** The Permittee, by accepting the terms of this ordinance, releases the City, its officials, officers, employees, and agents from any and all claims, actions, suits, liability, loss, costs, expense, attorneys' fees, or damages of every kind and description arising out of or by reason of the pipeline system or this ordinance, including but not limited to claims resulting from injury, damage, or loss to the Permittee or the Permittee's property.

The Permittee agrees to at all times defend, indemnify, and hold harmless the City, its officials, officers, employees, and agents from and against all claims, actions, suits, liability, loss, costs, expense, attorneys' fees, or damages of every kind and description, excepting only damages that may result from the sole negligence of the City, that may accrue to, be asserted by, or be suffered by any person or property including, without limitation, damage, death, or injury to members of the public or to the Permittee's officers, agents, employees, contractors, invitees, tenants, tenants' invitees, licensees, or successors and assigns, arising out of or by reason of:

(a) the existence, condition, construction, reconstruction, modification, maintenance, operation, use, or removal of the pipeline system or any portion thereof, or the use, occupation, or restoration of the public place or any portion thereof by the Permittee or any other person or entity;

(b) anything that has been done or may at any time be done by the Permittee by reason of this ordinance; or

(c) the Permittee failing or refusing to strictly comply with every provision of this ordinance; or

(d) arising out of or by reason of the pipeline system or this ordinance in any other way.

If any suit, action, or claim of the nature described above is filed, instituted, or begun against the City, the Permittee shall upon notice from the City defend the City, with counsel acceptable to the City, at the sole cost and expense of the Permittee, and if a judgment is rendered against the City in any suit or action, the Permittee shall fully satisfy the judgment within 90 days after the action or suit has been finally determined, if determined adversely to the City. If it is determined by a court of competent jurisdiction that Revised Code of Washington (RCW) 4.24.115 applies to this ordinance, then in the event claims or damages are caused by or result from the concurrent negligence of the City, its agents, contractors, or employees, and the Permittee, its agents, contractors, or employees, this indemnity provision shall be valid and enforceable only to the extent of the negligence of the Permittee or the Permittee's agents, contractors, or employees.

Section 10. **Environmental Indemnity Agreement.** The permission granted is subject to the Permittee executing a separate Environmental Indemnity Agreement in a form provided by the City. The Permittee shall, within 60 days of the effective date of this ordinance, deliver to the Director upon a form to be supplied by the Director, an environmental indemnity agreement imposing the obligations and conditions set forth in this ordinance, signed and acknowledged by the Permittee. The Director shall file the environmental indemnity agreement with the City Clerk.

Section 11. **Insurance.** For as long as the Permittee exercises any permission granted by this ordinance and until the Director has issued a certification that the Permittee has fulfilled its removal and restoration obligations under Section 5 of this ordinance, the Permittee shall obtain and maintain in full force and effect, at its own expense, insurance and/or self-insurance that

protects the Permittee and the City from claims and risks of loss from perils that can be insured against under commercial general liability (CGL) insurance policies in conjunction with:

(a) construction, reconstruction, modification, operation, maintenance, use, existence, or removal of the pipeline system or any portion thereof, as well as restoration of any disturbed areas of the public place in connection with removal of the pipeline system;

(b) the Permittee's activity upon or the use or occupation of the public place described in Section 1 of this ordinance; and

(c) claims and risks in connection with activities performed by the Permittee by virtue of the permission granted by this ordinance.

Minimum insurance requirements are CGL insurance based on the Insurance Services Office (ISO) form CG 00 01 or equivalent. The City requires insurance coverage to be placed with an insurer admitted and licensed to conduct business in Washington State or with a surplus lines carrier pursuant to RCW Chapter 48.15. If coverage is placed with any other insurer or is partially or wholly self-insured, such insurer(s) or self-insurance is subject to approval by the City's Risk Manager.

Minimum limits of liability shall be $20,000,000 each occurrence combined single limit bodily injury and property damage, with a dedicated annual aggregate. Coverage shall include the "City of Seattle, its elected and appointed officers, officials, employees and agents" as additional insureds for primary and non-contributory limits of liability subject to a Separation of Insureds clause.

Within 60 days after the effective date of this ordinance, the Permittee shall provide to the City, or cause to be provided, certification of insurance coverage including an actual copy of the blanket or designated additional insured policy provision per the ISO CG 20 12 endorsement

or equivalent. The insurance coverage certification shall be delivered or sent to the Director or to the Department of Transportation (SDOT) at an address as the Director may specify in writing from time to time. The Permittee shall provide a complete certified copy of the insurance policy to the City promptly upon request.

If the Permittee is self-insured, a letter of certification from the Corporate Risk Manager may be submitted in lieu of the insurance coverage certification required by this ordinance, if approved in writing by the City's Risk Manager. The letter of certification must provide all information required by the City's Risk Manager and document, to the satisfaction of the City's Risk Manager, that self-insurance equivalent to the insurance requirements of this ordinance is in force. After a self-insurance certification is approved, the City may from time to time subsequently require updated or additional information. The approved self-insured Permittee must provide 30 days' prior notice of any cancellation or material adverse financial condition of its self-insurance program. The City may at any time revoke approval of self-insurance and require the Permittee to obtain and maintain insurance as specified in this ordinance.

In the event that the Permittee assigns or transfers the permission granted by this ordinance, the Permittee shall maintain in effect the insurance required under this section until the Director has approved the assignment or transfer pursuant to Section 15 of this ordinance.

Section 12. **Contractor insurance.** The Permittee shall contractually require that any and all of its contractors performing work on any premises contemplated by this permit name the "City of Seattle, its elected and appointed officers, officials, employees and agents" as additional insureds for primary and non-contributory limits of liability on all CGL, Automobile and Pollution liability insurance and/or self-insurance. The Permittee shall also include in all contract

documents with its contractors a third-party beneficiary provision extending to the City construction indemnities and warranties granted to the Permittee.

Section 13. **Performance bond.** Within 60 days after the effective date of this ordinance, the Permittee shall deliver to the Director for filing with the City Clerk a sufficient bond executed by a surety company authorized and qualified to do business in the State of Washington that is: in the amount of $300,000, and conditioned with a requirement that the Permittee shall comply with every provision of this ordinance and with every order the Director issues under this ordinance. The Permittee shall ensure that the bond remains in effect until the Director has issued a certification that the Permittee has fulfilled its removal and restoration obligations under Section 5 of this ordinance. An irrevocable letter of credit approved by the City's Risk Manager may be substituted for the bond upon approval of the Director. In the event that the Permittee assigns or transfers the permission granted by this ordinance, the Permittee shall maintain in effect the bond or letter of credit required under this section until the Director has approved the assignment or transfer pursuant to Section 15 of this ordinance.

Section 14. **Adjustment of insurance and bond requirements.** The Director, in consultation with the City's Risk Manager, may adjust minimum liability insurance levels and surety bond requirements during the term of this permission. If the Director and City's Risk Manager determine that an adjustment is necessary to fully protect the interests of the City, the Director shall notify the Permittee of the new requirements in writing. The Permittee shall, within 60 days of the date of the notice, provide proof of the adjusted insurance and surety bond levels to the Director.

Section 15. **Consent for and conditions of assignment or transfer.** The permission granted by this ordinance shall not be assignable or transferable by operation of law; nor shall the

Permittee transfer, assign, mortgage, pledge or encumber the same without the Director's consent, which the Director shall not unreasonably refuse. The Director may approve assignment or transfer of the permission granted by this ordinance to a successor entity only if the successor or assignee has accepted in writing all of the terms and conditions of the permission granted by this ordinance; has provided, at the time of the acceptance, the bond, the environmental indemnity agreement, and certification of insurance coverage required under this ordinance; and has paid any fees due under Section 17 of this ordinance. Upon the Director's approval of an assignment or transfer, the rights and obligations conferred on the Permittee by this ordinance shall be conferred on the successors and assigns. Any person or entity seeking approval for an assignment or transfer of the permission granted by this ordinance shall provide the Director with a description of the current and anticipated use of the pipeline system.

Section 16. **Inspection fees.** The Permittee shall, as provided by SMC Chapter 15.76 or successor provision, pay the City the amounts charged by the City to inspect the pipeline system during construction, reconstruction, repair, annual safety inspections, and at other times deemed necessary by the City. An inspection or approval of the pipeline system by the City shall not be construed as a representation, warranty, or assurance to the Permittee or any other person as to the safety, soundness, or condition of the pipeline system. Any failure by the City to require correction of any defect or condition shall not in any way limit the responsibility or liability of the Permittee.

Section 17. **Annual fee.** Beginning on March 1, 2002 to February 28, 2012, the Permittee shall promptly pay to the City, upon statements or invoices issued by the Director, a fee of $59,046 for past use. Then beginning on March 1, 2012, and annually thereafter, the Permittee shall promptly pay to the City, upon statements or invoices issued by the Director, an

annual fee of $7,916 or as adjusted annually thereafter, for the privileges granted by this ordinance.

Adjustments to the annual fee shall be made in accordance with a term permit fee schedule adopted by the City Council and may be made every year. In the absence of a schedule, the Director may only increase or decrease the previous year's fee to reflect any inflationary changes so as to charge the fee in constant dollar terms. This adjustment will be calculated by adjusting the previous year's fee by the percentage change between the two most recent year-end values available for the Consumer Price Index for the Seattle-Tacoma-Bremerton Area, All Urban Consumers, All Products, Not Seasonally Adjusted. All payments shall be made to the City Finance Director for credit to the Transportation Operating Fund.

Section 18. **Compliance with other laws.** Permittee shall construct, maintain and operate the pipeline system in compliance with all applicable federal, state, County and City laws and regulations. Without limitation, in all matters pertaining to the pipeline system, the Permittee shall comply with the City's laws prohibiting discrimination in employment and contracting including Seattle's Fair Employment Practices Ordinance, Chapter 14.04, and Fair Contracting Practices code, Chapter 14.10 (or successor provisions).

Section 19. **Acceptance of terms and conditions.** The Permittee shall deliver to the Director its written signed acceptance of the terms of this ordinance within 60 days after the effective date of this ordinance. The Director shall file the written acceptance with the City Clerk. If no such acceptance is received within that 60-day period, the privileges conferred by this ordinance shall be deemed declined or abandoned and the permission granted deemed lapsed and forfeited and the Permittee shall, at its own expense, remove the pipeline system and all of

the Permittee's equipment and property and replace and restore all portions of the public place as provided in Section 5 of this ordinance.

Section 20. **Obligations run with the Property.** The obligations and conditions imposed on the Permittee by and through this ordinance are covenants that run with the land and bind subsequent owners of the property adjacent to the pipeline system and legally described in Section 1 of this ordinance (the "Property"), regardless of whether the Director has approved assignment or transfer of the permission granted herein to such subsequent owner(s). At the request of the Director, Permittee shall within 30 days of the request provide to the Director a current title report showing the identity of all owner(s) of the Property and all encumbrances on the Property. The Permittee shall, within 60 days of the effective date of this ordinance, and prior to conveying any interest in the Property, deliver to the Director upon a form to be supplied by the Director, a covenant agreement imposing the obligations and conditions set forth in this ordinance, signed and acknowledged by the Permittee and any other owner(s) of the Property and recorded with the King County Recorder's Office. The Director shall file the recorded covenant agreement with the City Clerk. The covenant agreement shall reference this ordinance by its ordinance number. At the request of the Director, Permittee shall cause encumbrances on the Property to be subordinated to the covenant agreement.

Section 21. **Section titles.** Section titles are for convenient reference only and do not modify or limit the text of a section.

Section 22. **Ratify and confirm.** Any act taken by the City or the Permittee pursuant to the authority and in compliance with the conditions of this ordinance but prior to the effective date of the ordinance is ratified and confirmed.

Section 23. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the ____ day of _____, 2012, and signed by me in open session in authentication of its passage this _____ day of _____, 2012.

_____

President _____of the City Council

Approved by me this ____ day of _____, 2012.

_____

Michael McGinn, Mayor

Filed by me this ____ day of _____, 2012.

_____

Monica Martinez Simmons, City Clerk

(Seal)

Angela Steel
SDOT, Shell Pipeline FISC
July 10, 2012
Version #2

Form revised: December 6, 2011

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Seattle Department of Transportation	Angela Steel/684-5967	Rebecca Guerra/684-5339

Legislation Title:
AN ORDINANCE granting Equilon Enterprises LLC dba Shell Oil Products US permission to maintain and operate a pipeline system in, under, along, and across 13th Avenue Southwest and Southwest Florida Street for a twenty-year term, renewable for two successive ten-year terms; specifying the conditions under which this permit is granted; providing for the acceptance of the permit and conditions; and ratifying and confirming certain prior acts.

Summary of the Legislation:

This legislation will allow Equilon Enterprises LLC dba Shell Oil Products US permission to continue maintaining and operating the existing pipeline system in, under, along, and across 13th Avenue Southwest and Southwest Florida Street for the purposes of transmitting petroleum products between their oil storage plant and dock site on Harbor Island. An area map is attached for reference.

This pipeline permit is for a term of twenty years commencing from the expiration of the last term permit on February 28, 2002. The legislation specifies the conditions under which authorization is granted and provides for acceptance of the permit and conditions.

Equilon Enterprises LLC dba Shell Oil Products US is to pay the City of Seattle a fee of $59,046 for past use, March 1, 2002 through February 28, 2012, of the pipeline system. Then the annual fee will be assessed at $7,574 commencing on March 1, 2012, and annually thereafter. Adjustments to the annual fee may be made every year and if so made shall be calculated in accordance with a term permit fee schedule adopted by the City Council by Ordinance 123485. An Annual Fee Appraisal Summary is attached for reference.

Background:

By Ordinance 75817, the City granted permission to The Texas Company to construct, operate, and maintain a pipeline system in, under, along, and across 13th Avenue Southwest and Southwest Florida Street, which permission expired on February 28, 1972.

By Ordinance 101844, as amended by Ordinances 110415 and 102656, permission was granted to Texas, Inc. to maintain and operate the pipeline system, which permission was renewed by Resolutions 26695 and 28678 and expired on February 28, 2002.

By Resolution 28678, the permission authorized by Ordinance 101844, as amended by Ordinances 110415 and 102656, was transferred to Texaco Refining and Marketing, Inc.

In March 1999, the property owned by Texaco Refining and Marketing, Inc. was sold to Equilon Enterprises LLC dba Shell Oil Products US.

Please check one of the following:

__x__ This legislation has financial implications.

Appropriations: N/A

Anticipated Revenue/Reimbursement Resulting from this Legislation:

Fund Name and Number	Department	Revenue Source	2012 Revenue	2013 Revenue
Transportation Operating Fund 10310	Seattle Department of Transportation	Annual Fee –	2002-2012 Fee = $59,046 2012 Fee = $7,574	TBD
TOTAL			**$66,620**	**TBD**

Revenue/Reimbursement Notes: N/A

Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact: N/A

Spending/Cash Flow: N/A

Other Implications:

a) **Does the legislation have indirect financial implications, or long-term implications?**
No.

b) **What is the financial cost of not implementing the legislation?**
If the legislation is not enacted by the City Council, the City of Seattle will not receive the annual fee of $7,574. As previously stated, the City of Seattle has the option to adjust the fee amount on an annual basis. The pipeline, as originally permitted under Ordinance 101844, will no longer be permitted.

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? None.

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.

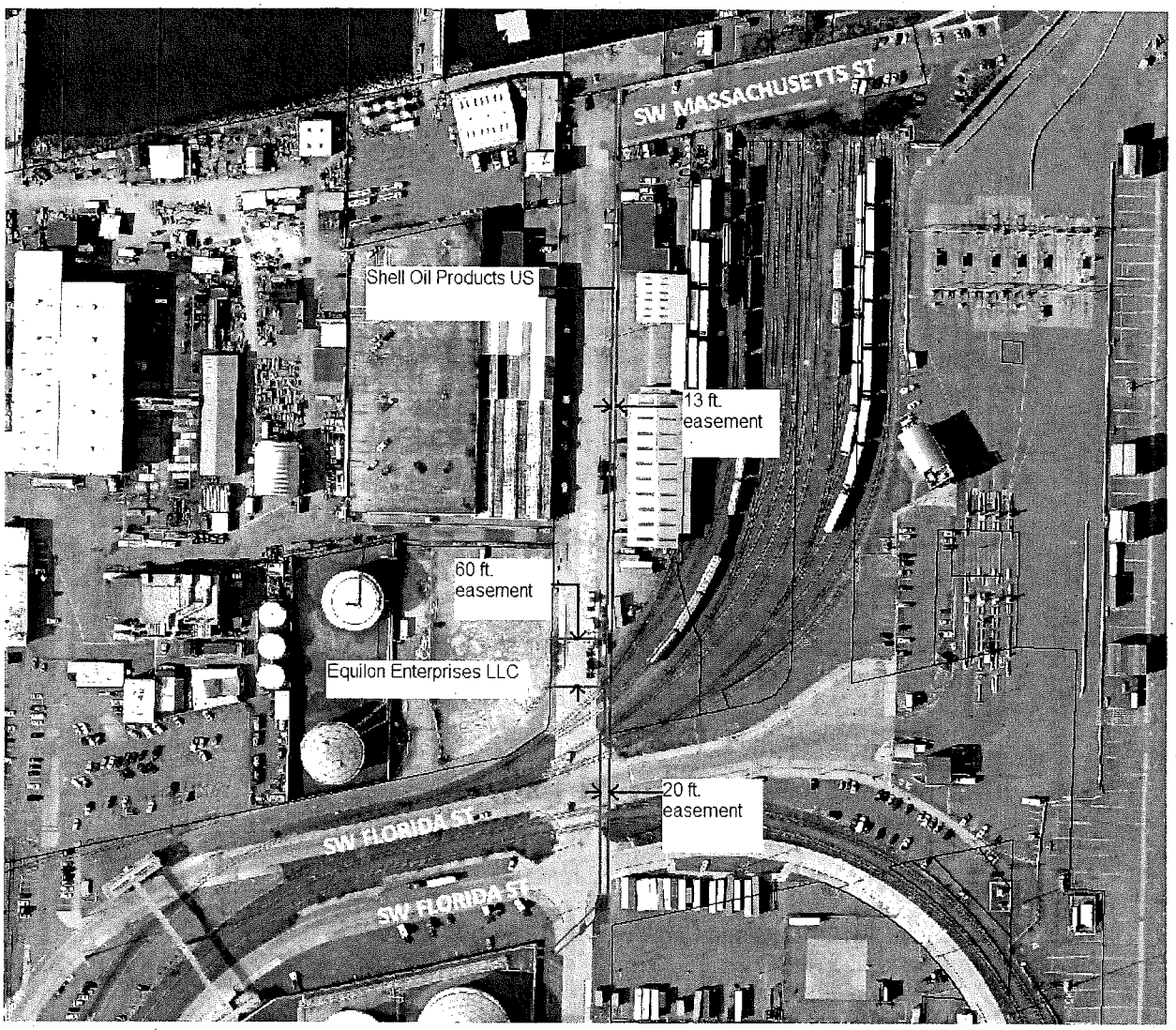
g) **Does this legislation affect a piece of property?**
No.

h) **Other Issues:** N/A

List attachments to the fiscal note below:
Attachment A – Shell Pipeline Area Map
Attachment B - Annual Fee Assessment Summary

Angela Steel
SDOT Shell Pipeline ATT A
May 8, 2012
Version #1

Attachment A – Shell Pipeline Area Map



Map is for informational purposes only and is not intended to modify or supplement the legal description(s) in the Ordinance.

Attachment B - Annual Fee Assessment Summary

STREET USE ANNUAL FEE ASSESSMENT

Date: 5/8/12

Summary:
Land Value: $14.35/SF
First Year Permit Fee:
$7,574

I. Property Description:

Existing pipeline system in, under, along, and across 13th Avenue Southwest and Southwest Florida Street. The pipeline is for the purposes of transmitting petroleum products between the oil storage plant and dock site on Harbor Island. Adjacent tax parcels are listed below. The pipeline system occupies **21,989.6 square feet** of right-of-way.

Applicant:
Equilon Enterprises LLC, dba Shell Oil Products US

Abutting Parcels, Property Size, Assessed Value:

1. Parcel 7666702650; 759,046 square feet

Tax year 2012 Appraised Land Value $11,385,600
Assessed at $15/SF

2. Parcel 7666701690; 72,657 square feet

Tax year 2012 Appraised Land Value $1,089,800
Assessed at $15/SF

3. Parcel 7666700251; 106,100 square feet

Tax year 2012 Appraised Land Value $1,591,500
Assessed at $15/SF

4. Parcel 7666700136; 76,080 square feet

Tax year 2012 Appraised Land Value $1,141,200
Assessed at $15/SF

5. Parcel 7666702850; 1,210,968 square feet

Tax year 2012 Appraised Land Value $13,457,600
Assessed at $11.11/SF

6. Parcel 7666700250; 56,688 square feet

Tax year 2012 Appraised Land Value $850,300
Assessed at $15/SF

Average 2012 tax assessed land value: $14.35/SF

II. Annual Fee Assessment:

The 2012 permit fee is calculated as follows: ($14.35/SF) X (21989.6 SF) X (30%) X (8%) = $7,574, where 30% is the degree of alienation for a utility tunnel and 8% is estimated annual rate of return.

Fee methodology authorized under Ordinance 123485.

City of Seattle
Office of the Mayor

August 7, 2012

Honorable Sally J. Clark
President
Seattle City Council
City Hall, 2nd Floor

Dear Council President Clark:

I am pleased to transmit the attached proposed Council Bill that will grant to Equilon Enterprises LLC dba Shell Oil Products US a new twenty-year permit for an existing pipeline system in, under, along, and across 13th Avenue Southwest and Southwest Florida Street, renewable for two additional ten-year terms. The term will commence retroactive to 2002.

The existing pipeline system serves as a distribution line for the purpose of transmitting petroleum products between the oil storage plant and dock site on Harbor Island.

In addition to granting a new permit, the proposed Council Bill updates the insurance and bond requirements, updates the annual fee, and specifies the conditions under which authorization is granted.

Thank you for your consideration of this legislation. Should you have questions, please contact Angela Steel at (206) 684-5967.

Sincerely,

Daryl Smith Deputy Mayor
for Mike McGinn
Mayor of Seattle

Michael McGinn
Mayor of Seattle

cc: Honorable Members of the Seattle City Council

Michael McGinn, Mayor
Office of the Mayor
600 Fourth Avenue, 7th Floor
PO Box 94749
Seattle, WA 98124-4749

Tel (206) 684-4000
Fax (206) 684-5360
TDD (206) 615-0476
mike.mcginn@seattle.gov

COUNCIL CLERK