

SUMMARY and FISCAL NOTE*

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** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

- a. Legislation Title:** AN ORDINANCE relating to Seattle Public Utilities; authorizing the General Manager/CEO of Seattle Public Utilities to accept an amended, extended, and restated franchise agreement for the operation of a water system within public rights-of-way of the City of Shoreline until 2026, and to enter into an Interlocal Agreement with the Shoreline Fire Department for hydrant inspection within The City of Seattle’s retail service area within the City of Shoreline; and ratifying and confirming certain prior acts.
- b. Summary and Background of the Legislation:** SPU provides retail water service to about 11,000 residential and commercial customers in the City of Shoreline west of Interstate-5. The City of Seattle has a water franchise agreement with the City of Shoreline that expires in 2020. SPU and Shoreline Fire District do not have an agreement in place for hydrant inspection.

This legislation has two main parts. First, it would authorize the GM/CEO of SPU to accept an amended and extended water franchise granted by the City of Shoreline. The amended franchise does four things:

1. provides for the City of Shoreline’s priorities to be reflected in certain asset management decisions for SPU’s water infrastructure serving a portion of that city;
2. clarifies roles and responsibilities for SPU-owned fire hydrants within SPU’s retail water service area in the City of Shoreline;
3. improves joint planning and coordination for infrastructure projects by both cities and for development-related water system services within Shoreline (e.g. water availability certificates);
4. Extends the franchise to 2026.

Second, this proposed legislation would authorize SPU to enter into an Interlocal Agreement (“ILA”) with the Shoreline Fire Department, consistent with the clarifications regarding fire hydrant responsibilities in the amended franchise. The ILA provides that the Shoreline Fire Department will inspect SPU-owned fire hydrants within SPU’s retail water service area in Shoreline at SPU’s expense and SPU will continue to perform all other operation and maintenance. The term of the ILA would be concurrent with the amended franchise term.

2. CAPITAL IMPROVEMENT PROGRAM

- a. Does this legislation create, fund, or amend a CIP Project? ___ Yes ___X___ No

3. SUMMARY OF FINANCIAL IMPLICATIONS

- a. Does this legislation amend the Adopted Budget? ___ Yes ___X___ No
- b. Does the legislation have other financial impacts to the City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?

Under the interlocal agreement authorized by this legislation, SPU would pay the Shoreline Fire Department to inspect SPU-owned fire hydrants in Shoreline for the first three years of the agreement. The annual cost of these inspections is estimated at \$50,000, beginning in 2018. Shoreline Fire Department may plan to inspect half of the hydrants each year, so the annual cost would drop commensurate with the inspection frequency.

Under the amended franchise, it is possible, but not likely significant, that prioritizing a capital project under the Shoreline Asset Management Priority Program could result in delays or deferrals to a different capital project in other areas of SPU's distribution system.

- c. Is there financial cost or other impacts of *not* implementing the legislation?

If this amended franchise is not accepted, the current franchise would expire in 2020 and would need to be renegotiated. That negotiation could be more difficult. Not accepting this amended franchise could also negatively affect relations between the two cities.

4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?
No.
- b. Is a public hearing required for this legislation?
No.
- c. Does this legislation require landlords or sellers of real property to provide information regarding the property to a buyer or tenant?
No.
- d. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?
No.

e. Does this legislation affect a piece of property?

No.

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

None known. The City of Shoreline residents in SPU's service area are already eligible to participate in the Seattle Utility Discount Program.

- g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s).**

The concept of a Shoreline Priority Asset Management Program is new. This negotiated program will allow the City of Shoreline to reflect its planning and development priorities related to the timing and capacity of utility infrastructure which will help support the unique needs of the City as it develops and becomes more dense. When the franchise expires in 2026, Seattle and Shoreline will assess if the approach helped Shoreline meet its goals while helping protect the interests of all ratepayers.

- h. Other Issues:**

List attachments/exhibits below: