



# SEATTLE CITY COUNCIL

## Transportation and Utilities Committee

### Agenda

Wednesday, February 17, 2021

9:30 AM

Remote Meeting. Call 253-215-8782; Meeting ID: 586 416 9164; or  
Seattle Channel online.

Alex Pedersen, Chair  
Dan Strauss, Vice-Chair  
M. Lorena González, Member  
Lisa Herbold, Member  
Tammy J. Morales, Member  
Debora Juarez, Alternate

Chair Info: 206-684-8804; [Alex.Pedersen@seattle.gov](mailto:Alex.Pedersen@seattle.gov)

[Watch Council Meetings Live](#) [View Past Council Meetings](#)

Council Chamber Listen Line: 206-684-8566

For accessibility information and for accommodation requests, please call  
206-684-8888 (TTY Relay 7-1-1), email [CouncilAgenda@Seattle.gov](mailto:CouncilAgenda@Seattle.gov), or visit  
<http://seattle.gov/cityclerk/accommodations>.



# SEATTLE CITY COUNCIL

## Transportation and Utilities Committee

### Agenda

### February 17, 2021 - 9:30 AM

#### Meeting Location:

Remote Meeting. Call 253-215-8782; Meeting ID: 586 416 9164; or Seattle Channel online.

#### Committee Website:

<http://www.seattle.gov/council/committees/transportation-and-utilities>

---

This meeting also constitutes a meeting of the City Council, provided that the meeting shall be conducted as a committee meeting under the Council Rules and Procedures, and Council action shall be limited to committee business.

*In-person attendance is currently prohibited per Washington State Governor's Proclamation 20-28.15, until the COVID-19 State of Emergency is terminated or Proclamation 20-28 is rescinded by the Governor or State legislature. Meeting participation is limited to access by telephone conference line and online by the Seattle Channel.*

Register online to speak during the Public Comment period at the 9:30 a.m. Transportation and Utilities Committee Meeting at <http://www.seattle.gov/council/committees/public-comment>.

Online registration to speak at the Transportation and Utilities Committee Meeting will begin two hours before the 9:30 a.m. meeting start time, and registration will end at the conclusion of the Public Comment period during the meeting. Speakers must be registered in order to be recognized by the Chair.

Submit written comments to Councilmember Pedersen at [Alex.Pedersen@seattle.gov](mailto:Alex.Pedersen@seattle.gov)

Sign-up to provide Public Comment at the Meeting at <http://www.seattle.gov/council/committees/public-comment>

Watch live streaming video of the meeting at <http://www.seattle.gov/council/watch-council-live>

Listen to the meeting by calling the Council Chamber Listen Line at 253-215-8782 Meeting ID: 586 416 9164

One Tap Mobile No. US: +12532158782,,5864169164#

*Please Note: Times listed are estimated*

**A. Call To Order**

**B. Approval of the Agenda**

**C. Public Comment**

**D. Items of Business**

1. [Res 31986](#)      **A RESOLUTION relating to the City Light Department; acknowledging and approving the 2020 Integrated Resource Plan Progress Report as conforming with the public policy objectives of The City of Seattle and the requirements of the State of Washington; and approving the Progress Report for the biennium September 2018 through August 2020.**

Attachments:    [Att 1 - Seattle City Light 2020 Integrated Resource Plan Progress Report](#)

Supporting Documents:    [Summary and Fiscal Note Presentation \(2/3/21\)](#)

**Briefing, Discussion, and Possible Vote**

**Presenters:** Aliza Seelig and Maura Brueger, Seattle City Light; Eric McConaghy, Council Central Staff

2.     [CB 119998](#)     **AN ORDINANCE** authorizing the Director of the Seattle Department of Transportation to execute a Transit Service Funding Agreement with King County Metro Transit in order to implement Proposition 1 as approved by Seattle voters in the 2020 General Election; and ratifying and confirming certain prior acts.

Attachments:   [Att A - Transit Service Funding Agreement](#)

Supporting

Documents:   [Summary and Fiscal Note](#)

[Central Staff Memo](#)

[Presentation](#)

**Briefing, Discussion, and Possible Vote**

**Presenters:** Sam Zimbabwe, Director, Candida Lorenzana, Briana Lovell, and Bill LaBorde, Seattle Department of Transportation; Calvin Chow, Council Central Staff

**E. Adjournment**





## Legislation Text

---

**File #:** Res 31986, **Version:** 1

---

### CITY OF SEATTLE

#### RESOLUTION \_\_\_\_\_

A RESOLUTION relating to the City Light Department; acknowledging and approving the 2020 Integrated Resource Plan Progress Report as conforming with the public policy objectives of The City of Seattle and the requirements of the State of Washington; and approving the Progress Report for the biennium September 2018 through August 2020.

WHEREAS, The City of Seattle (“City”) recognizes the desire of its citizens to have adequate, reliable,

affordable, equitable, low-risk, and environmentally responsible electric power resources; and

WHEREAS, the City recognizes the need for clean and reliable electric power resources to assure the economic well-being, health, comfort, and safety of its citizens; and

WHEREAS, the 2020 Integrated Resource Plan Progress Report continues to emphasize conservation first as its foundation and is consistent with Seattle City Council Resolution 30144 for meeting as much load growth as possible with conservation and renewable resources; and

WHEREAS, the 2020 Integrated Resource Plan Progress Report recognizes that the City Light Department (“City Light”) has been a leader in reducing its greenhouse gas emissions and plans to maintain greenhouse neutrality; and

WHEREAS, the 2020 Integrated Resource Plan Progress Report describes that City Light has a role to serve to further advance regional greenhouse gas reductions and support leadership in the region as a model for energy conservation, renewable energy, and electrification; and

WHEREAS, the 2020 Integrated Resource Plan Progress Report describes that City Light will in its next Integrated Resource Plan Update develop a ten-year Clean Energy Action plan describing the steps that City Light will take to maintain greenhouse gas neutrality and equitable access to clean and affordable

energy, and make progress towards being greenhouse gas-free by 2045 to conform with the 2019

Washington Clean Energy Transformation Act (CETA); and

WHEREAS, the 2020 Integrated Resource Plan Progress Report is intended to conform with State of

Washington requirements under Revised Code of Washington (RCW) Chapter 19.280 for development

of integrated resource plans or progress reports by consumer-owned utilities and approval of such plans

or reports by the consumer-owned utilities' governing boards by September 1 each biennium; and

WHEREAS, the City recognizes City Light's staff has requested and received permission from the Washington

State Department of Commerce ("Commerce") to delay its completion of an updated Integrated

Resource Plan (IRP) and instead complete an Integrated Resource Plan Progress Report; and

WHEREAS, the City recognizes in addition to this one-time deviation from normal practice, Commerce also

granted permission to extend the transmittal to City Council to December 31, 2020; and

WHEREAS, the City recognizes the decision by City Light's staff to request this change was a result of City

Light's need to effectively incorporate and communicate provisions of the recently passed CETA, and

the COVID-19 pandemic; and

WHEREAS, the City's Integrated Resource Plan will be revised and updated within the next two years to

reflect changes to the region's and City Light's circumstances; NOW, THEREFORE,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR**

**CONCURRING, THAT:**

Section 1. The City Council acknowledges the 2020 Integrated Resource Plan Progress Report, as developed by the City Light Department ("City Light") and attached to this resolution as Attachment 1, and hereby approves the 2020 Integrated Resource Plan Progress Report for the biennium September 2018 through August 2020. The Progress Report complies with the public policy objectives of The City of Seattle and the requirements of the State of Washington.

Section 2. Consistent with the findings of the 2020 Integrated Resource Plan Progress Report, the City

Council expects City Light to continue to emphasize environmental leadership and compliance with the Washington Energy Independence Act and the Washington Clean Energy Transformation Act through its conservation programs, between now and the completion of the 2022 Integrated Resource Plan.

Adopted by the City Council the \_\_\_\_\_ day of \_\_\_\_\_, 2021S, and signed  
by me in open session in authentication of its adoption this \_\_\_\_\_ day of \_\_\_\_\_,  
2021.

\_\_\_\_\_  
President \_\_\_\_\_ of the City Council

The Mayor concurred the \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Jenny A. Durkan, Mayor

Filed by me this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
Monica Martinez Simmons, City Clerk

(Seal)

Attachments:

Attachment 1 - Seattle City Light 2020 Integrated Resource Plan Progress Report



**Seattle  
City Light**

**2020**

INTEGRATED RESOURCE PLAN  
PROGRESS REPORT

## Overview

*Clean energy policies are driving changes in regional supply and demand — and the biggest influences on this 2020 Integrated Resource Plan Progress Report are continued growth in renewable resources as well as energy efficiency, which are fast becoming centric to our energy future. As the costs of utility-scale solar and wind energy become less expensive, existing fossil fuels are being replaced with cleaner energy fuels.*

This is a game changer.

Although recovery of a post-pandemic economy is still to be determined, technology innovations never took a break, and they are moving quickly — unleashing new opportunities for customer choice and participation in designing the future of our industry. Those choices, however, coupled with the rapid evolution in thinking about electrification, requires a similar focus on environmental equity and rate designs that don't leave vulnerable populations behind. In January 2020, Seattle Mayor Jenny Durkan signed an executive order committing the City to expedite Climate Action plans and reiterating the Seattle City Council's August 2019 resolution supporting a Green New Deal for Seattle. City Light's work ahead will focus on eliminating fossil fuels in the service area and improving outcomes for communities that have disproportionately shouldered the weight of environmental injustice.

As Seattle City Light continues to invest in energy efficiency, renewable resources, and grid modernization, it will partner with customers to track loads, demand response opportunities, and distributed energy resources to shift and better spread loads throughout the day. (Demand response is a change in the power consumption of an electric utility customer to better match the demand for power with the supply). Internet technology and advanced metering enable customers to have smarter homes and businesses, with more flexibility to control loads and help the grid adapt to the continued changes over the next few decades. These utility and customer relationship changes must be done without backing off the strong commitment made this past summer to address and reverse the effect of decades of racial and social inequities disproportionately borne by our environmental justice communities, which includes Black, Indigenous, and people of color as well as immigrants, refugees, persons experiencing low incomes, English language learners, youth, and seniors.







City Light is creating a smart and instructive dashboard in its Integrated Resource Plan (IRP) framework with more targeted information to enable consumers to lower overall emissions, reduce environmental impacts, and increase fairness and equity while maintaining affordability. The goal is to create more overall value in personal and city energy use and energy efficiency.

City Light has been a consistent voice for generating electricity with clean renewable resources, promoting energy efficiency with our customers, and reducing the need to build or acquire costly new power generation. Since 2005, City Light has been greenhouse gas neutral — the first electric utility in the nation to achieve that distinction. Seattle's new homes are among the most energy efficient in the country. Our long-term emphasis on greenhouse gas neutrality has resulted in City Light being as high as 98% carbon free.

The steps to keep City Light as a forerunner in cleaner energy have many components. Determining the kinds of fuels (hydro, wind, solar, etc.) City Light will use to meet its customers' demands is an ongoing challenge. The path to owning, producing, and purchasing energy is filled with federal, state, and local regulations, some still in the making.

The job of the IRP is a complex one: determining what resources should support our energy use. There are myriad factors that go into completing an IRP and recommending changes to the resource portfolio. Many of them are brand new and more detailed than

ever before: a groundbreaking new Clean Energy Transformation Act with an ongoing rule-making process, and new priorities for transportation electrification and decarbonization. There are newly released and evolving studies about changing weather patterns and their effects on water flows, upon which hydropower operations as well as fish and wildlife depend. Each day brings continuous improvements in wind, solar, thermal, and pumped storage. Batteries that are beyond what was imagined just last year are on the market. Plus, there is increasing regional cooperation in managing power resources, so the region can better share in overall energy efficiency. However, constant market shifts and this unusually fast-breaking recession are bringing new economic realities and making for uncertain timelines. All these factors have come together in the midst of a nine-month pandemic, the impacts of which are still uncertain.

City Light determined that producing a comprehensive resource study for a long-range IRP now would be inconclusive. Therefore, we sought and received permission from the Washington Department of Commerce to change course; recognizing the limited validity of completing and presenting a full IRP now, which would have limited durability and use in the future. Instead, we turned our attention to building a solid analytic foundation for the 2022 IRP, ensuring future resource adequacy with better evaluation of resource choices.

## IRP Legal Requirements

***Washington law (RCW 19.280) requires all electric utilities with over 25,000 customers to develop comprehensive resource plans that identify strategies to meet their customers' electricity needs in the short and long term. Seattle City Light is required to file an Integrated Resource Plan, which is either a Progress Report due every two years or an updated Integrated Resource Plan due every four years. Progress Reports reflect changing conditions and the progress of Integrated Resource Plans, whereas Integrated Resource Plans are comprehensive resource plans that explain the mix of generation and demand-side resources the utility plans to use to meet their customers' electricity needs over the period covered in the plan. Our change in course means that City Light last produced a full Integrated Resource Plan in 2016. We prepared an Integrated Resource Plan Progress Report in 2018. With this exception due to emergent factors in 2020, City Light will next produce a comprehensive Integrated Resource Plan in 2022.***

## 2020 Progress Report: The New Energy Frontier

City Light has entered a New Energy Frontier, where even a pandemic could not stop the many concurrent changes that are affecting how we all will adapt to the changing reliance on renewable energy. Fleets throughout our metropolitan region are rapidly electrifying, residential customers will be asked to use advanced metering systems to strategically plan their energy usage throughout the day, and we are focusing more on providing energy efficiency programs and benefits to disadvantaged communities.

The main priority for our resource planning this past year has been to find a new and better framework for determining which resources are best for City Light's customer-owners. We are committed to making these choices in a more customer-centric manner.

The primary catalyst for the change in course is Washington's Clean Energy Transformation Act (CETA), passed by the legislature in 2019. It is the most significant mandate to-date addressing how we will reduce greenhouse gas emissions while transitioning to renewable energy resources. New regulations enforcing its provisions are being written and are expected to go into effect in 2021. The new rules will change decades of reliance on fossil fuels, replacing them with renewable resources and distributed energy resources. The benefits of energy efficiency allow City Light to offer programs that save energy so that new, more costly resource acquisitions and generation are not necessary. In addition, new tools like demand response and battery storage will fill voids where hydropower and new renewable energy sources cannot.

Today's Progress Report also introduces a new framework incorporating resource adequacy. With the increasing renewable resource markets growing more competitive, City Light can rely on short-term market purchases to fill customer demand, with an overall energy supply that is greenhouse gas neutral and as high as 98% greenhouse gas free – for at least the next five years.

## New Framework

As City Light began our 2020 integrated resource planning efforts, we quickly saw efforts across the region and the energy economy that would reduce greenhouse gas emissions faster than outlined in the 2018 IRP Progress Report. We determined that new resource choices, investments in energy efficiency, renewable generation and demand response would emerge as important resource choices for the future. We made a commitment to stakeholders to expand our evaluation of energy efficiency resources to include the added value and benefits of each option. Additionally, as the new requirements of the CETA were being written, City Light focused on testing reliability





metrics used in the electric utility industry to find a metric well-matched to a flexible hydropower utility like City Light.

The new framework we developed will better answer the question of how much of each energy resource we need to meet demands each year. Previously, potential energy shortages were tracked only in the winter months when peak seasonal loads required large amounts of energy. The new framework provides evidence that summer months need to be tracked, as water supply resources may be stressed if water levels drop. The utility may need to maintain higher-level water for fish runs, recreational needs, and unseasonably long periods of high temperatures, meaning we must find other means to meet demand.

## New Directions to Cleaner Seattle Power Mixes

The 2020 IRP Progress Report shows City Light's power supply is built on a robust hydropower portfolio that will meet our power supply needs for several years to come. City Light's existing short- and long-term plans include new investments in energy conservation while continuing to evaluate investments in new renewable energy.

But resource adequacy priorities are changing. Summer emerges as the primary season to watch for the possibility of needing new resource adequacy investments. A proposed new Northwest Power Pool Resource Adequacy Program has the promise of helping the region create a more transparent, dependable, affordable, and clean generating mix.

We identified another new tracking need: gauging how City Light's hydropower resources would respond to adding variable renewable energy resources to the mix across all hours. We also developed more metrics to help determine if advising customers to change their own energy patterns can save energy and costs. Most customers now have advanced meters, which will allow them to track their energy use.

With solar and wind growing as a significant share of the power supply, Seattle must start planning for greater uncertainty in wholesale market supply conditions throughout the year, due to the variability in production of hydro, solar, and wind. New studies also will help produce more in-depth water resource and operations information, identifying the hours when City Light might change hydropower operations to better meet local and regional goals of reducing greenhouse gas emissions.

Perhaps the largest addition to this 2020 Progress Report is a new scientific standard on how City Light gauges hydro resource adequacy so that we can better prepare for when hydro runs low, as in the late summer. Both wind and solar energy supplies are more available in the summer months. The research and testing of our metrics referred to as the "new framework" have spurred changes in when, how much, and how often we chart hydro supply and energy needs. Ongoing energy complexity meets new technology to deliver both a pathway to conserving more water when it runs low in late summer and meeting new energy need with contracts for solar and wind, which are more abundant in summer.

As City Light forges ahead in creating our 2022 IRP, we will align information from our 2022 Conservation Potential Assessment, new Transportation Electrification Strategic Investment Plan, and other electrification work to inform Seattle's future power mix.

## Premises for the 2022 Integrated Resource Plan

**Conservation investments continue to outpace growth in customers' use of power.** Conservation investment remains the first and best resource choice as the most environmentally responsible way to meet growing energy demands, resource adequacy, and 100% carbon-free regulations. It also provides a low-cost way to meet the Washington Energy Independence Act requirements.

**City Light expects to add new clean fuels (wind and sun) to our power mix, starting with customer programs.** New alternative renewable energy investments through customer-centric programs and utility choices reduce City Light's market reliance and help City Light customers achieve their goals to reduce their carbon footprint.

**Cost should not be the only consideration when picking an alternative energy resource.** The IRP framework shows comparing resources on cost alone will not lead to the most value. A higher-cost energy efficiency resource path that provides reductions in power use at the right time must be considered for all its merits. The IRP analysis shows that increasing spending on energy efficiency could provide additional value by reducing City Light's Bonneville Power Administration (BPA) purchases now.

**New power supply costs are declining, but caution should be taken, as adding too much new renewable power generation too soon could add costs to customer bills.** Most new utility-scale clean power supply, customer solar generation, energy efficiency, and demand reduction options continue to decrease in price. Use of these products has increased due to tax incentives, rigorous energy efficiency codes and standards, net metering policy, and renewable

portfolio standards. This has created a viable market for these new technologies and has led to faster installation. However, what works today may not endure through the life of the project, which is usually about 30 years due to the speed of technology change. Lower-cost customer demand response options and energy storage options such as batteries could be on the horizon. Future IRPs are likely to see expanded use of these technologies because they can provide important targeted reductions in power use.

**Transmission and distribution investments will be needed to support 100% greenhouse gas-free power and electrification.** Regional and local cooperation will be important to deliver increasing amounts of renewable power supplies. City Light's analysis projects possible limitations in delivering that power without changes in transmission policy or new investments. Going forward, regional and local discussions about alternatives to new electric power lines, which power lines are necessary to build, and how to pay for investments will be as important as evaluating power supply options.

**Past IRPs concluded BPA preference power meets City Light goals — that has not changed.** Going forward, the Progress Report continues to rely on the BPA contract beyond 2028 to keep City Light's power supply dependable. BPA provides over 40% of City Light's power supply, and a future contract is expected to provide clean energy to meet demand during the winter and provide supplemental summer power when we have the highest energy needs. The analysis also shows that City Light is steadily reducing our BPA purchases and saving money now because of our investments in conservation. Our future use of BPA will be influenced by our load growth, BPA's available power supply and viability of reliable alternatives. City Light expects to engage BPA during the lead up to the new regional cooperation contract to ensure availability of products and contract structure that support the emerging needs of our utility, and the region as a whole.

**Work continues to mitigate the impacts of climate change.** Through policies supporting energy conservation, renewable energy, and greenhouse gas neutrality as well as rigorous building codes,



the City of Seattle and City Light have been leaders. City Light is well-prepared to address the new greenhouse gas neutral and greenhouse gas free mandates of the CETA. The 2020 IRP analysis finds City Light today is close to a 100% greenhouse gas-free standard with 91% to 99% carbon-free energy. Additional renewable energy and City Light's newly adopted Transportation Electrification Strategic Investment Plan will further support carbon neutrality and advance City Light's ability to meet Seattle's Green New Deal objectives.

**Customer-centric energy efficiency programs have been the go-to resource for the last decade, keeping electricity demand stable even with the region's economic growth.** The New Energy Frontier and innovative technology are opening new opportunities for customers to help reduce the need for utility-scale investment and keep costs down. The utility's challenge is to teach our customers about their own energy consumption and how to help us reduce greenhouse gas emissions. We look forward to the day when customers know this information just like they know the cost of a latte or a tank of gas.

## Key Definitions

**Resource Adequacy** refers to having sufficient resources, generation, energy efficiency, storage, and demand-side resources to serve loads across a wide range of conditions.

**Resource Needs** translate local, state, and federal regulations into defined minimum or maximum thresholds for having a certain type and amount of resources to meet demand or a portion of demand.

**Resource Choices** refers to the kinds of programs and fuels chosen to meet demand, like energy efficiency (conservation), alternative energy like wind and solar, renewable energy, fossil fuels, storage and battery capacity, hydro and others.

**Demand Response** is a change in the power consumption of an electric utility customer to better match the demand for power with the supply.





## Planning A Cleaner Energy Future

*As part of the IRP process, City Light identifies supply needs for the next 20 years based on the ability of existing supply to meet future forecast demand, regulatory requirements, and uncertainty in supply and demand. Resource choices must correspond to City Light's goals of reliability, affordability, and environmentally responsible service. We must forecast and define our resource adequacy — having sufficient resources to serve loads across a wide range of conditions — and clean energy needs.*

The selection of future portfolios meets requirements such as City Light's current standards for greenhouse gas neutrality, Initiative 937 mandates (Washington State Energy Independence Act) and the Washington State Clean Energy Transformation Act (SB5116) requirements. The following table highlights the legislative goals of these major policies enacted to combat climate change. In all cases there are alternative compliance mechanisms to prevent intolerable cost increases. These mechanisms include provisions for no load growth and capping costs at a percentage of all capital and operating expenditures we must make to provide service to our customers (revenue requirement).

*"Resource choices must correspond to City Light's goals of reliability, affordability and environmentally responsible service."*





#### **Clean Energy Transformation Act (2019)**

- All cost-effective and feasible conservation
- 2026 — No coal
- 2030 — 100% greenhouse gas neutral; at least 80% renewable and non-emitting resources
- 2045 — 100% greenhouse gas free with renewable and non-emitting resources

#### **Energy Independence Act "I-937" (2006)**

- All cost-effective conservation
- 2020 — 15% renewable generation (excludes hydro)

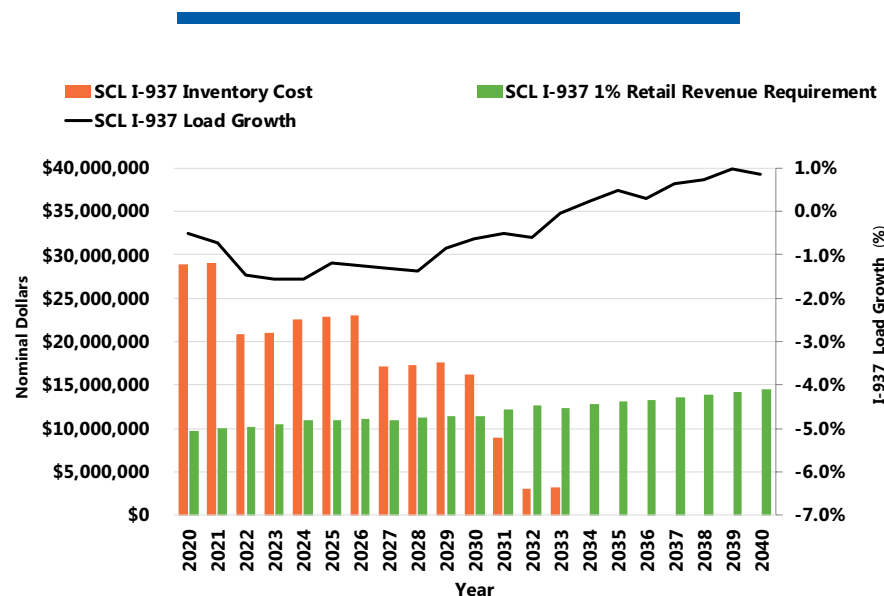
#### **Seattle City Light Carbon Neutrality (2000)**

- Greenhouse gas neutral
- Load growth met with cost-effective conservation and new renewable energy

## I-937 Energy Independence Act 2006

In 2006, Washington voters approved Initiative 937 (I-937), which requires major utilities to invest in all cost-effective energy efficiency measures and sets targets for adding Northwest renewable energy as a percentage of load. Eligible renewable resources include water, wind, solar energy, geothermal energy, landfill gas, wave, ocean or tidal power, gas for sewage treatment plants, bio-diesel fuel, and biomass energy. In 2020, the target increased to 15% of load. This target does not increase beyond the current level.

The law also includes provisions to keep costs affordable for utilities. Today, City Light can comply under the “no load growth” option. This option is available when a utility’s weather-adjusted load average did not increase over the previous three years. In choosing this compliance option, City Light is required to demonstrate that we invested at least one percent of our total annual retail revenue requirement that year on eligible renewable resources.



City Light’s Progress Report finds that our continued investment in the current conservation path from the 2020 Conservation Potential Assessment delays load growth until 2033. With our current inventory of eligible renewable resources, we do not project adding renewable resources for I-937 compliance until 2031. In the chart below, the black line represents the measurement of load growth. In 2030, the black line shows that City Light will be measuring half a percentage of load decline. The 2030 orange bar shows that City Light’s eligible renewable resource expenditures are over \$15 million. The 2030 green bar shows the one percent of revenue requirement threshold is just over \$10 million dollars. This indicates City Light’s one-year cost for renewable resources is about 1.5%, exceeding the 1% threshold for costs.

## Clean Energy Transformation Act 2019

The Clean Energy Transformation Act (CETA) provides electric utilities in Washington a clear mandate to phase out greenhouse gas emissions. CETA requires utilities eliminate the use of coal-fired resources after Dec. 31, 2025. Additionally, all electricity sold to customers must be greenhouse gas neutral starting Jan. 1, 2030, and greenhouse gas free by 2045. To be greenhouse gas neutral, a utility must supply at least 80% of its load with a combination of renewable and non-emitting resources. Utilities may use alternative compliance options during the greenhouse gas neutral period for no more than 20% of load.

CETA establishes that a utility must incorporate a social cost of greenhouse gases in making resource decisions. CETA sets a minimum cost that a utility must use from a technical study published in August 2016 by the Interagency Working Group on Social Cost of Greenhouse Gases, United States Government. A utility is allowed to use a higher cost if it can establish a reasonable basis for doing so. City Light will use the social cost of greenhouse gases when evaluating conservation programs, developing IRPs, and evaluating mid- to long-term resource options during resource acquisition.



The social cost of greenhouse gases represents the monetized damages associated with an incremental increase in carbon emissions in a given year. This cost is expected to increase over time as future emissions are expected to produce larger, incremental damages in response to climate change. The table below shows the costs being used.

Year	Social Cost of Greenhouse Gases <small>(in 2019 dollars per metric ton of carbon dioxide)</small>
2020	\$75
2025	\$83
2030	\$89
2035	\$95
2040	\$102
2045	\$108
2050	\$115

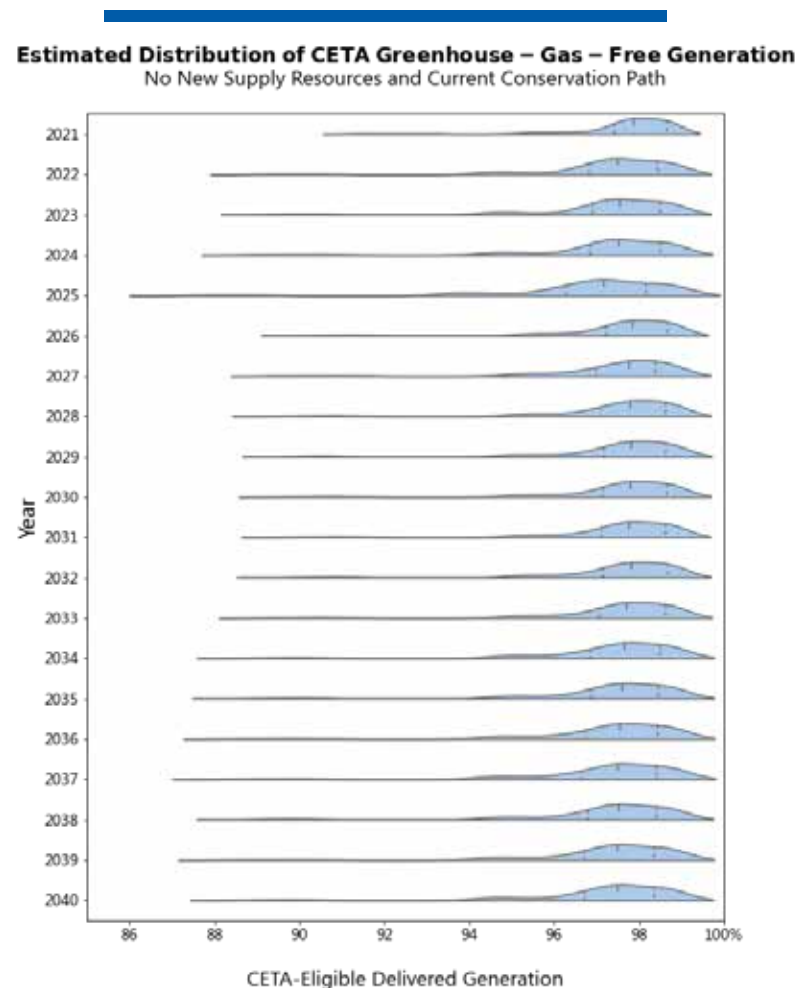
For CETA, emissions fall into two categories: known sources and unknown sources. City Light's sources of emissions are unknown; they come from wholesale market transactions where the delivered power source is not always identified.

In our IRP analysis, City Light has implemented CETA rules by adding the social cost of greenhouse gases as a penalty to market purchases in months that City Light has a deficit. Additionally, City Light assumes that 3% of its BPA power deliveries are from unspecified market purchases, which is consistent with a recent historical average.

To calculate the penalty, City Light uses the CETA default emission rate for unspecified electricity, which is 0.437 metric tons of carbon dioxide equivalent per megawatt hour. City Light assumes this rate is constant through all future years studied.

City Light conducted a review of our existing supply portfolio and current 2020 Conservation Potential Assessment plans. Even without new resources, we find City Light can achieve 91% to 99% greenhouse gas neutrality across the anticipated range of hydro and temperature conditions we expect to experience.

The next chart shows the projected distribution of our greenhouse gas-free generation as a percentage of customer load. To better understand the chart, focus in on 2025, which has the largest tails. On the right tail of the distribution, the chart shows that under some conditions, City Light can be close to 100% greenhouse gas free. On the left tail, the chart shows that there is a condition, although unlikely, of coming in at 86% greenhouse gas free. The height of the blue shaded area indicates the frequency of the distribution. In 2025, under most conditions, City Light expects to be between 96% to 98% greenhouse gas free.



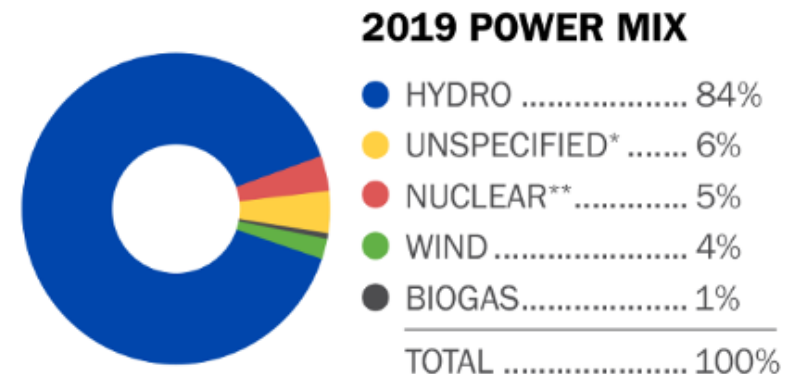


## Our Existing Resources

The cornerstone of City Light's energy is hydropower: a clean, renewable resource that has always been the region's most reliable, affordable, and climate-friendly power source. City Light prioritizes environmentally responsible hydropower operations. Our power mix starts with our Skagit and Boundary hydropower projects on the Skagit and Pend Oreille Rivers, which in 2019 provided 40% of the power customers use today. The remainder comes from long-term contracts with the BPA and from other renewable sources. Purchases from the wholesale market fill the gaps when City Light's and BPA's water levels are low.

Since 2005, City Light has been greenhouse gas neutral, demonstrating commitment to mitigation of carbon emissions. If short-term energy needs require purchase from the wholesale

markets, there may be fossil fuel resources like natural gas or coal in the purchase. To be true to our commitment, City Light purchases emission offsets, which are reductions in emissions in one place that can be used to compensate for emissions elsewhere. Offsets are usually denominated in metric tons of reduced emissions or megawatt hours of renewable energy.



*\*City Light does not have coal or natural gas resources in its power supply portfolio. It does make market purchases to balance or match its loads and resources. These purchases, along with market purchases made by Bonneville Power Administration (BPA), may incidentally include coal or natural gas resources, which are assigned to the utility. Any emissions associated with unspecified market purchases are offset through our greenhouse gas (GHG) neutrality policy.*

*\*\*This fuel represents a portion of the power purchased from BPA.*



## Determining Load

Energy efficiency programs encourage customers to use power more efficiently and allow the utility to defer the acquisition of expensive new resources, including those that negatively affect the environment. Integral to developing the IRP, energy efficiency programs will help City Light maintain our status as a greenhouse gas neutral utility, support the City's environmental and climate change policy goals, and meet the requirements of I-937.

For example, the average City Light residential customer today uses less than 8,000 kilowatt hours of electricity per year, compared to over 10,000 kilowatt hours per year in 2000.

The 2019 retail load forecast (most recent available for the IRP) is expected to decline from 1,026 aMW (average megawatts) in 2020 to 999 aMW in 2040, or by about 0.1% per year over the next 20 years, after accounting for the impacts of energy efficiency programs and a softening Seattle economy with slower growth in future commercial square footage. There is, however, slight growth after the first 10 years, as energy efficiency tapers off and transportation electrification ramps up. City Light worked with King County Metro and the Washington State Ferries to reflect their electrification plans in this forecast.

***City Light is completing a new load forecast that will be part of the 2022 IRP. We have the difficult task of identifying how load will change and for how long as a result of the pandemic-induced recession. City Light's annual 2020 retail load is expected to end the year 4% lower than forecasted in 2019.***

Load and energy efficiency programs impact City Light's BPA power contract deliveries. As load declines, City Light receives less BPA power. The ability to add energy efficiency creates a choice for City Light that gives us some control over how much BPA power we receive. It is a complex but important relationship. As electrification grows, City Light's customers will use more of our existing surplus energy. Demand side choices of energy efficiency (and potential

demand response) will allow City Light to get the highest and best use of our energy supply and the wholesale market.

## Resource Adequacy

Resource Adequacy (RA) refers to having sufficient resources, generation, energy efficiency, storage, and demand-side resources to serve loads across a wide range of conditions. City Light reviews a wide range of water and demand conditions to determine whether it has sufficient resources. In our 2018 IRP, City Light conducted an RA Assessment using an established winter-focused metric, and determined we had no need for new supply resource additions to meet resource adequacy for 20 years.

In gearing up for the New Energy Frontier, City Light is transforming our future to accommodate increases in solar and wind energy. We have updated our RA research to track all hours of the year for stressed circumstances that might prompt resource additions.

City Light's new RA study adopted a "Loss of Load Event" (LOLEV) resource adequacy metric, which measures the frequency of deficit events. City Light selected this metric because it better evaluates energy limitations that City Light could experience and identifies the value of resources such as battery storage and demand response.

City Light defines the duration and magnitude of a deficit event as greater than four hours and more than 200 megawatts (MW) per hour once a day, respectively. This means that deficit events of less than four hours and 200 MW per hour, or up to 800 megawatt hours once a day, can be easily covered by City Light's hydropower flexibility and are not considered an event. City Light also established a LOLEV standard of RA that means events cannot occur more than two times every 10 years for the months January, July, August, and December in order to stay within our portfolio resource adequacy. This standard yields the same RA needs as the previous winter metric but introduces summer RA needs. City Light's research and analysis identified these four critical months for setting RA targets based on

the concurrence of risks for City Light and the region that should be monitored into the future.

For its regional assessment, City Light relies upon the Northwest Power and Conservation Council (NW Council). NW Council's most recent study (October 2019) and our own analysis show concurrent regional and City Light RA risks occur in December, January, and August. The most likely changes to risk are for calendar year 2024 or later. The regional analysis also describes capacity shortfalls or shorter duration events whereas City Light's risks occur when the region still has available energy surplus. City Light's hydropower flexibility and capacity surpluses can leverage regional energy surpluses to fill voids. Additionally, anticipated new regional energy resources can reduce energy shortage risks when fossil fuel plants close. City Light decided to add July and August for its study because of the variability of water levels we can experience during July and the dry and restricted operating conditions we have in August. Additionally, climate change can exacerbate the severity of low water conditions in the summer; this will be well-monitored along with all months.

City Light also reviewed to what extent wholesale market reliance could be used as a backup in these critical months. City Light's analysis studied multiple years and determined that for the long-

term, market reliance of about 200 MW is appropriate for short-term market purchases. However, we concluded that any projected energy shortages can be covered by City Light's hydro flexibility and our mid-term and short-term purchases following our wholesale hedging practices before 2026. City Light will continue to monitor regional markets for energy shortfalls that could lead City Light to change its LOLEV standards or market reliance levels.

City Light translates this RA information into a target amount of energy we need each month to meet the energy standard. With these guidelines and our new models, the utility stays ahead of its worst case scenarios by tracking where and when there may be shortages, so we are prepared for stressful conditions.

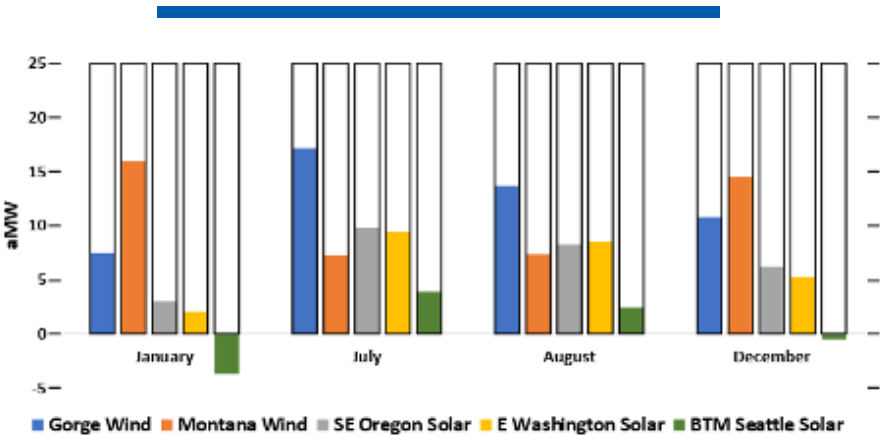
The following table shows the targets City Light's analysis established for near-term and long-term RA, assuming our existing conservation path from the 2020 Conservation Potential Assessment. In 2021, City Light will update this study with a new demand forecast and evaluate its market reliance in preparation for the next Conservation Potential Assessment. City Light will also continue to monitor regional market conditions.

<b>Resource Adequacy Energy Need</b> <i>(Average Megawatts)</i>	<b>2022</b>	<b>2024</b>	<b>2026</b>	<b>2030</b>	<b>2034</b>	<b>2038</b>	<b>2040</b>
<b>December</b>	27	38	13	20	5	3	10
<b>January</b>	-	-	-	-	-	-	-
<b>July</b>	156	134	137	146	159	165	177
<b>August</b>	39	25	113	122	147	146	161

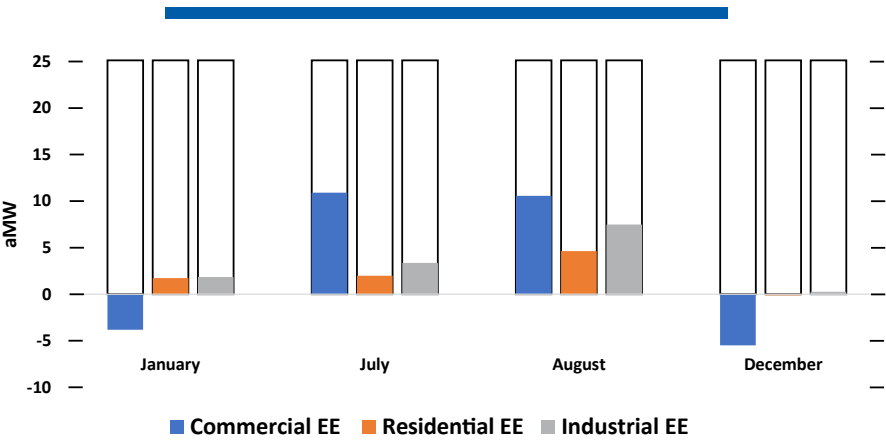
# Resource Choices

City Light’s new approach matches new resource choices to both the region’s and our own RA deficits across the different months. The analysis targets resource choices that complement City Light’s existing resource mix and changing demand. It better informs about the capability of City Light’s hydro fleet to respond to variability in generation from wind and solar resources, and to changes in demand from weather. Monthly RA targets allow City Light to select resources based on their contributions to the most critical time periods.

These next two charts show how each type of resource contributes relative to a measure of the maximum amount of output the resource can produce. As an example, the first blue bar shows that for Gorge Wind, the reliable contribution to RA is about 8 aMW of energy for every 25 MW of capacity. The green bar for “Behind the Meter Solar” produces what may be viewed as an unexpected result. It shows negative impacts in January and December because solar resources installed by customers (i.e., “behind the meter”) have the same impact as energy efficiency by reducing City Light’s load. Load reductions decrease the amount of BPA power that City Light receives. In the winter, the reduction in BPA is greater than the decrease in load.



The next chart shows how City Light’s conservation programs contribute to RA. The blue bar, representing commercial energy efficiency, shows that it adds 10 aMW for every 25 aMW increase in energy efficiency in July.



Resources also gain additional benefits for being able to supply energy in periods when wholesale market prices are higher and helping City Light shape our hydro to market conditions. This year with new RA modeling and the addition of summer months changing resource needs, the IRP moves into a phase of evaluating whether our past resource choices will continue to prevail or if new options are in order.

For the 2020 IRP, City Light opted to focus on resource choices that were examined in the 2018 IRP to test the new framework. Some differences included the additions of behind-the-meter commercial solar, expanded review of energy efficiency, and the omission of natural gas-fueled power plants.



### The resource choices studied are:

- 360 different energy efficiency combinations
- 360 different BPA purchase levels to correspond with the desired energy efficiency path
- Southeastern OR Solar
- Eastern WA Solar
- Gorge Wind
- Montana Wind
- Commercial Customer Behind the Meter Solar
- Wholesale Market Reliance

**No fossil fuel resources, such as natural gas simple-cycle plants, “peakers,” or combined cycle plants, were considered.** We acknowledge that market reliance is a source of greenhouse gases for City Light. This CETA-required assessment compares the value of renewable resources to market reliance and its impact to the environment.

Other resource choices that may increase reliability and lower cost are demand response (customers respond to a request by the utility to reduce their demand), and customer-owned and utility-scale storage resources (e.g., batteries, pumped storage hydro, and compressed air storage).

As the scale of wind and solar energy generation surpasses fossil generation, hydro flexibility may not be sufficient to take care of all deficit hours, and new storage may be the best current option to fill

in that gap. City Light’s 2022 IRP will focus on these technologies to add more resource adequacy at lower cost. Other renewable energy technologies that may play a role are geothermal, landfill gas, and biomass energy, if higher-cost resources are needed.

## Resource Choices through the New Framework

➤ The new framework shows increased and more targeted energy efficiency could be beneficial.

➤ Solar is becoming an appealing resource for City Light but has potential drawbacks like lack of resource diversity due to the significant solar growth that is happening across the West.

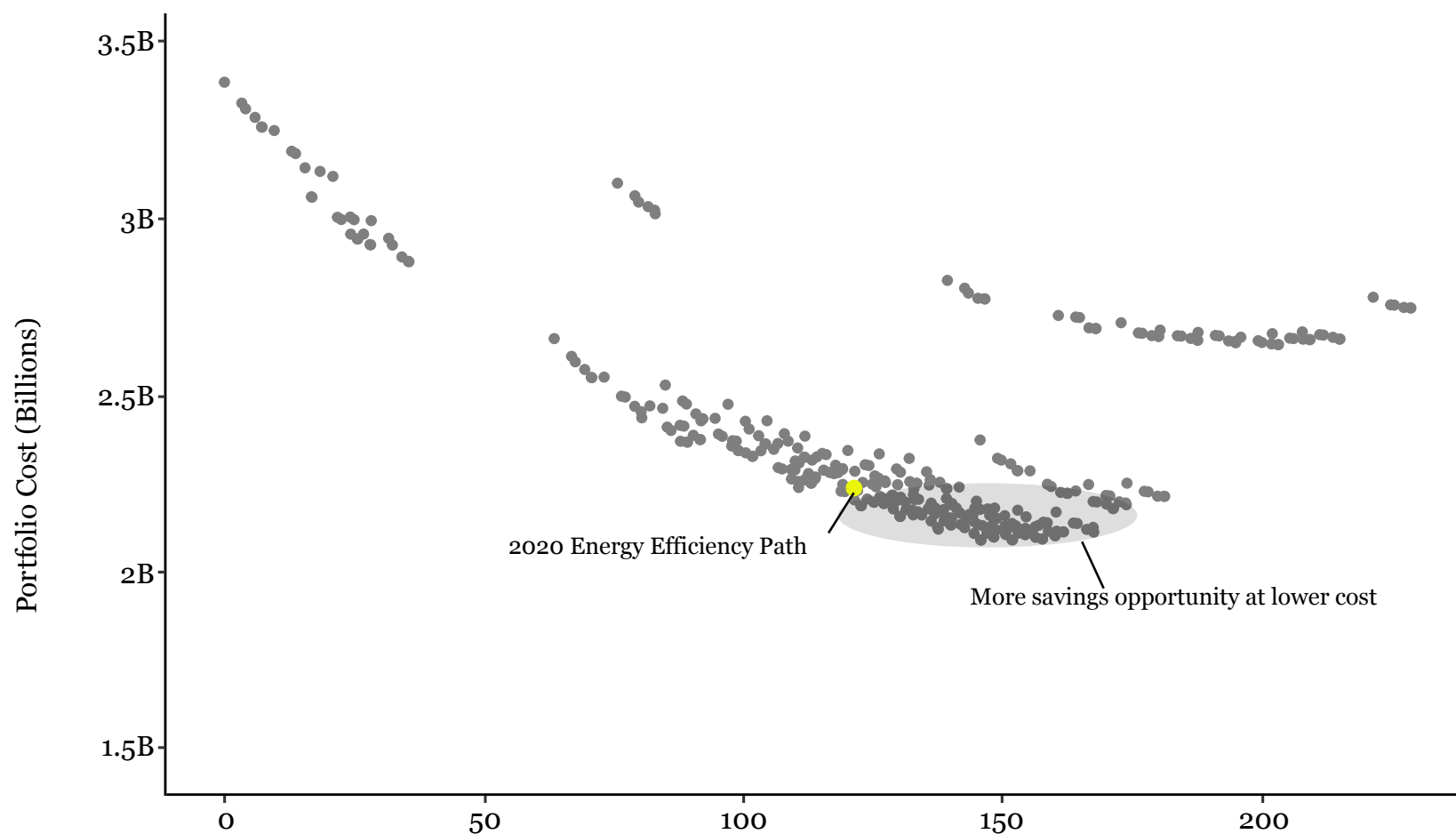
➤ Gorge Wind is like solar because it provides more energy in the summer. With a different generation pattern than solar, it is anticipated to have even more value as solar power becomes saturated in the West.

➤ Montana Wind is more expensive than Gorge Wind and solar. It appears to be one of the most promising wind supply resources if resource needs increase in the winter from a large growth in electric vehicles and heating loads. However, delivering Montana Wind may prove challenging without regional investment in new transmission capacities.

The following chart shows the results of the analysis of 360 conservation paths. The gray shaded area identifies combinations of conservation programs (other paths) that are different from the approved 2020 Conservation Potential Assessment and result in lower cost for City Light with more savings. The 2020 approved path

is indicated by the yellow dot. City Light will review and update these findings when we conduct our 2022 Conservation Potential Assessment. City Light will also include a Demand Response Potential and Customer-Installed Solar Potential assessment, the former of which is now explicitly required by CETA.

## Total Portfolio: Net Present Value Cost vs 2040 Energy Efficiency Achievement



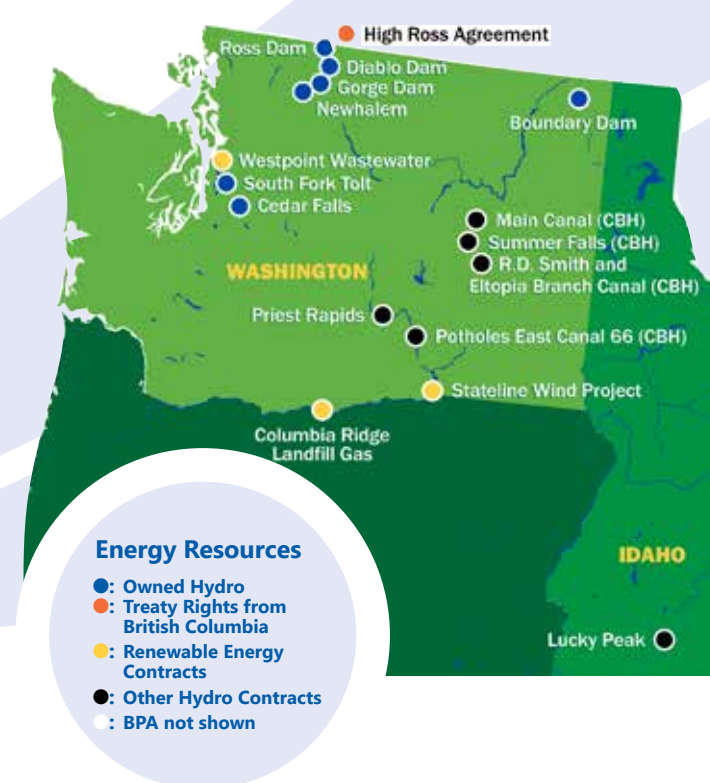


## Action Plans

*The utility is already making plans for the next year, next two years and next 10 years to meet federal and state regulations. Our plans include forward-thinking transportation electrification strategies, time-of-day pricing to improve energy efficiency, and more commercial customer energy efficiency through updating older buildings.*

City Light will be evaluating both new demand response programs and new large customer renewable energy tariff offerings to complement programs for residential and commercial solar as well as adding more community outreach/proposed partnerships for new and existing energy services and plans. For our existing resources, City Light's efforts include steps for relicensing the Skagit River Hydroelectric Project, BPA engagement for a post-2028 contract, and leadership in efforts to develop organized regional market concepts and collaborate on regional resource adequacy.

City Light's intends to determine what roadblocks exist and what options need more research. All City Light performance objectives call for buy-in from both internal and external stakeholders and the public to conduct transparent evaluation of the alternatives, including those that result in more equitable outcomes for customers at reasonable costs and risks.



*The cornerstone of City Light's energy – 85% of the power mix in 2019 -- is hydropower: a clean, renewable resource that has always been the region's most reliable, affordable and climate friendly resource.*



## Next Steps: Building the 2022 Integrated Resource Plan

Today, the forecasts show that City Light's energy supply benefits from continued investment in customer energy efficiency programs, which enable our hydropower dams to support more alternative energy sources. We forecast that our energy supply is as high as 98% greenhouse gas free with long-standing and intensive focus on energy efficiency programs and procuring long-term energy supply from only clean and renewable sources.

City Light's work begins with gathering inputs, stakeholder and public engagement, ensuring alignment with plans for clean energy services, and more study, research, and analysis.

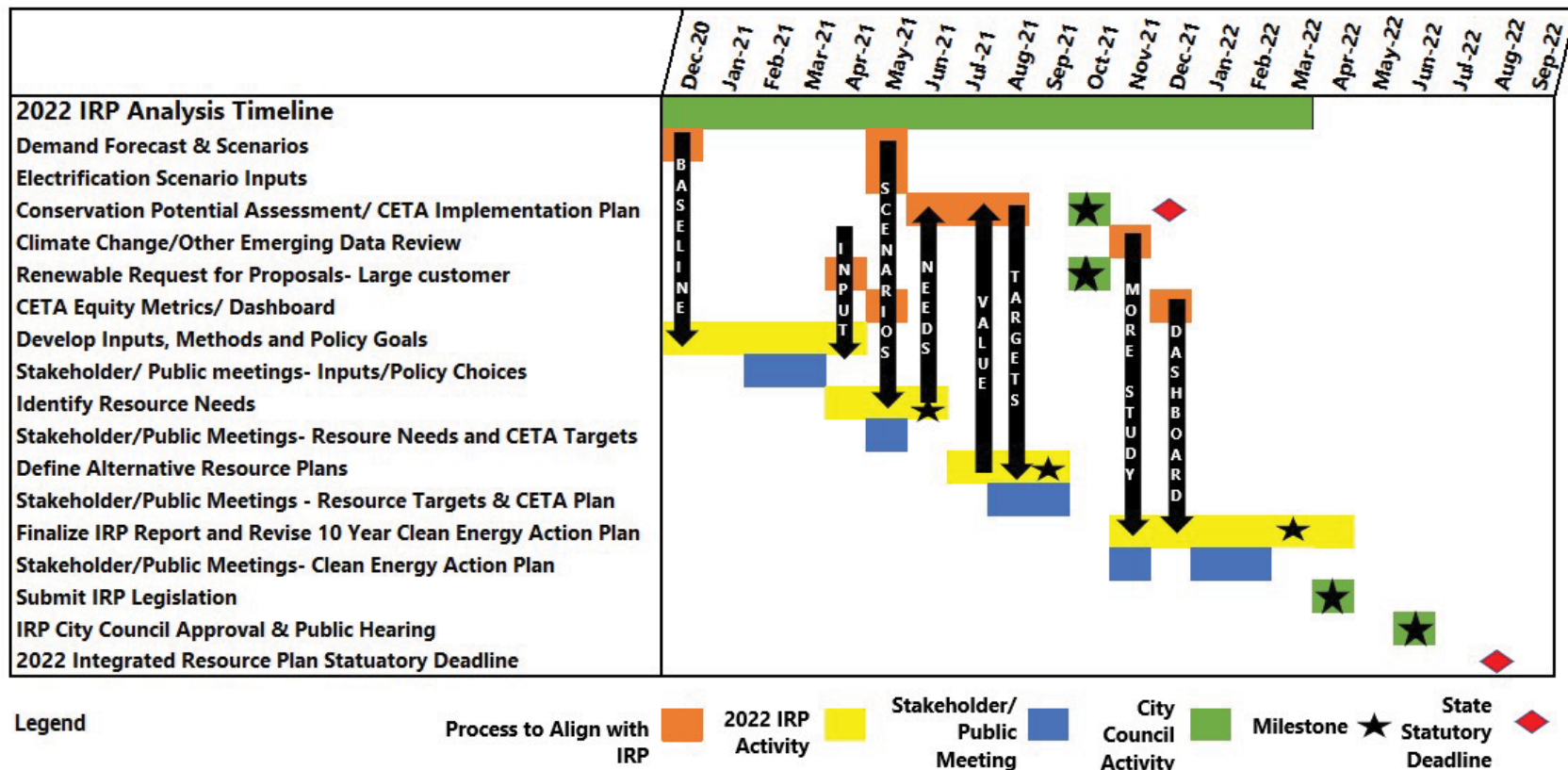
### The steps include:

1. An updated demand forecast that reflects trends from the pandemic and City Light's Transportation Electrification Strategic Investment Plan.
2. Refinements to City Light's framework following the first complete and adopted set of CETA rules.
3. More insight into current renewable resource costs and delivery possibilities as City Light completes its first Renewable Resources Request for Proposals that will support a large customer renewable energy program.
4. Continued engagement with stakeholders and the public to gather input along the way.
5. Final review of new NW Council and Northwest Power Pool Resource Adequacy data to update our RA market reliance study in the second quarter of 2021.
6. Refined Conservation and Demand Response Potential Assessments focused on what City Light can do to target demand-side resources to be even more complementary with our hydro resources.
7. New research into how customer-owned generation, demand response, and storage resources fit into the plan.

## 2022 IRP Work Plan

Integrated Resource Plans are ambitious undertakings that must lock in inputs early while at the same time support and align with other consequential activities. The work is to develop a resource strategy that aligns with City Light's new Transportation Electrification Strategic Investment Plan and the 2022 Conservation and Demand Response Potential Assessment, and that considers the potential for building electrification – all while exploring options for other distributed resources such as battery storage and additional “behind the meter” solar. The work will prioritize identifying racial, social, and economic equity metrics. City Light will evaluate new climate change research but may be limited in the range of information that we can include in time for producing a 2022 IRP.

The following chart shows a high-level timeline with connection points between interrelated processes, important milestones and statutory deadlines, including required City Council engagement and desired stakeholder and public engagement. Stakeholder and public input will inform and improve City Light's recommendations. City Light endeavors to build an ambitious, customer-centric plan that brings affordability and better outcomes for those in our communities who have shouldered the weight of climate change.





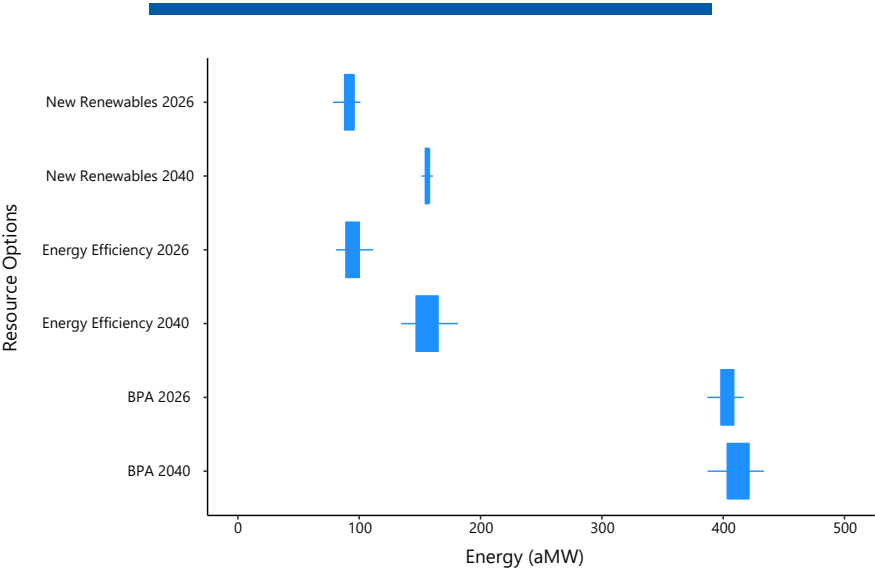


### The 4-Year and 10-Year Long Range Plans

In accordance with the CETA, City Light will prepare two new plans. By Jan. 1, 2022, City Light will complete its first four-year Clean Energy Compliance Plan, required by CETA, to explain the steps City Light is taking between 2022 and 2026 to comply with CETA. Additionally, as part of the 2022 IRP, City Light will prepare a 10-year Clean Energy Action Plan. The Clean Energy Action Plan will benefit from new research as part of CETA to be better able to stress equitable access to clean energy and the benefits provided by same. It will examine supply and demand, and articulate choices City Light must make to ensure environmentally responsible, reliable, and affordable energy paths. These plans will have the benefit of a thorough and open approach to new ideas, technological innovations, regional cooperation, and the best minds of the region. They will expand on the foundations of the 2020 Progress Report and test plans.

City Light’s Progress Report identifies a potential resource adequacy need that could be filled with the addition of more renewable energy and energy efficiency and fewer BPA resources. Therefore, the 2022 IRP will study this potential need and determine what solutions can address it, if needed. The chart below shows that by 2026, approximately 100 aMW of additional renewable energy would fill a resource adequacy void. Aligning new research in 2021, about

the impacts of COVID, electrification potential, and Regional RA studies will help us determine whether these long-term resources are required for RA. City Light will also include demand response and battery storage options to see how these options can increase reliability and potentially lower costs.



**City Light's other action plans to support the advancement of safe, reliable, affordable, and environmentally responsible energy services include:**

**Existing Resources and Enhancing Market Practices**

- Ensure a well-functioning wholesale market that can enforce the provisions and rules of CETA with continued engagement in the Carbon Markets Workgroup in 2021. (two-year action).
- Sponsor and complete a proposed design for a Resource Adequacy Program with Northwest Power Pool members, increasing electric system reliability and affordability by pooling supply and demand to assist during stressed conditions.
- Relicense the Skagit River Hydroelectric Project by April 2025 and the South Fork Tolt Hydroelectric Project by 2027.
- Advocate for the US delegation to negotiate a new Columbia River Treaty seeking a fair distribution of benefits from treaty storage and operations.
- Collaborate in 2021 with the public power community and BPA on a post-2028 BPA contract, with a proposed final contract in late 2025 for a new contract starting Oct. 1, 2028.

**Equitable Distribution of Energy and Non-Energy Benefits**

- Prepare and review the City of Seattle's Racial Equity Toolkit with internal and external stakeholders. Use the toolkit to inform measures of social equity in the IRP process.
- Build a new team to identify impacted populations and develop metrics to track the distribution of the benefits of CETA.
- Launch a new public engagement campaign prioritizing impacted communities.

**Resource Acquisition**

- Implement a demand response program pilot, and update City Light's large commercial solar tariff by 2022.
- Early in 2021, conduct a Request for Proposals process for renewable energy to support a large customer renewable

energy program that would deliver new renewable energy to those customers in 2024.

- Develop a tariff and rate for the new large customer renewable energy program.
- Investigate future BPA product options.

**Modeling and Analysis**

- Update and refine modeling of clean energy policies in City Light's electric power price forecast.
- Include transportation and building electrification scenarios being developed by a separate City-wide electrification study process.
- Coordinate consistent inputs for evaluation of demand side resource potential at the distribution system level.
- Endeavor to include climate change sensitivity in the 2022 IRP with a plan to fully examine climate change in the 2024 IRP.

**10-Year Clean Energy Action Plan/CETA compliance/ I-937 Compliance**

- Complete, before Jan. 1, 2022, a conservation and demand response potential assessment that provides targets for I-937 and the CETA compliance.
- Identify resource adequacy metrics and targets.
- Identify the use of social cost of greenhouse gas in the analysis.
- Develop metrics to understand impacts on vulnerable communities.
- Include how City Light will ensure coal is not included in our portfolio.
- Include how City Light plans to meet 2030 to 2045 greenhouse gas neutrality.
- Identify any transmission limitations preventing an affordable CETA compliance.



## Partnering in Public Engagement

City Light will be tasked with building its 10-year plan toward a greenhouse gas-free future, which will include valuable public input, Stakeholder Advisory Committee discussions, use of technology to make public engagement more convenient, and simpler information on how we can all access cleaner energy options and prepare for the future in (hopefully) a pandemic-free environment.

Plans call for the public to help contribute to a cleaner environment, not just in helping City Light make resource choices but making energy benefits more equitable for all.

In working with the Mayor and City Council, City Light wants to invite innovative new partnerships to help inspire our customers to become more active in creating a clean energy future. We want to support them in our mutual goals for a more sustainable and socially equitable future. By arming the public with basic information about City Light's existing supply and the types of resource choices ahead, everyone can be a conduit to a shared understanding and an active player toward a better quality of life.

**When you talk with people about our energy future, these are the kinds of questions that will help us start the greater conversation:**

- Are you considering changes in the fuels you use? Why?
- Where do you go for information about your energy use today?
- What information will help you understand more about your own energy use?
- Are you taking steps to be resilient to power outages?
- How do you feel you are being impacted by climate change?
- Have you been impacted by service interruptions in the past year? How did they disrupt your life?
- What suggestions do you have for City Light to help low-income and vulnerable customers?
- Do you want to be part of planning for our future energy supply?
- What can we do to get you to be involved?

Our energy future will directly influence everyone's lives. Help us get ready.

Ask them to join the efforts by emailing us at [SCL.IRP@seattle.gov](mailto:SCL.IRP@seattle.gov)





*Seattle City Light provides our customers with affordable, reliable, and environmentally responsible energy services.*

**CUSTOMERS FIRST • ENVIRONMENTAL STEWARDSHIP • EQUITABLE COMMUNITY CONNECTIONS •  
OPERATIONAL AND FINANCIAL EXCELLENCE • SAFE AND ENGAGED EMPLOYEES**



**Seattle City Light**

700 5th Ave, Seattle, WA 98104 **Tel:** (206) 684-3000  
**[seattle.gov/light](http://seattle.gov/light)**

## **SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact/Phone:</b>	<b>CBO Contact/Phone:</b>
Seattle City Light	Aliza Seelig/ 684-8458 Joy Liechty/ 615-1102	Greg Shiring /386-4085

*\* 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**

**Legislation Title:** A RESOLUTION relating to the City Light Department; acknowledging and approving the 2020 Integrated Resource Plan Progress Report as conforming with the public policy objectives of The City of Seattle and the requirements of the State of Washington; and approving the Progress Report for the biennium September 2018 through August 2020.

**Summary and background of the Legislation:** City Light’s 2020 Integrated Resource Plan (IRP) Progress Report continues to emphasize “conservation first” as its foundation. The Progress Report states that investments in conservation remain the first and best resource choice as the most environmentally responsible way to meet growing energy demands, resource adequacy and 100 percent carbon free regulations. It also provides a low-cost way to meet the Washington Energy Independence Act. For the 2022 Integrated Resource Plan Update, City Light will develop a 10-year Clean Energy Action Plan that outlines the steps the utility will take to maintain greenhouse gas neutrality, maintain equitable access to clean and affordable energy, and make progress towards being greenhouse gas free by 2045 to conform with the 2019 Washington Clean Energy Transformation Act. The 2020 IRP Progress Report was informed by the participation of internal and external stakeholders. The proposed Resolution approves the 2020 Integrated Resource Plan Progress Report for the biennium September 2018 through August 2020.

The 2020 IRP Progress Report was developed under the Code of Washington (RCW), Chapter 19.280 which mandates Integrated Resource Planning every two years. City Light has requested and received permission from the Washington State Department of Commerce to delay its completion of an updated IRP and instead complete an IRP Progress Report (the IRP would have been due on September 1, 2020). In addition to this one-time deviation from normal practice, the Department of Commerce also granted permission to extend the transmittal to City Council until December 31, 2020. City Light’s decision to request this change was due both to the need to effectively incorporate and communicate provisions of the recently passed Clean Energy Transformation Act, and to the impacts of the COVID-19 pandemic.

Utilities within the state of Washington must develop comprehensive resource plans that meet their customers’ electricity needs in the short and long term. Seattle City Light is required to file an Integrated Resource Plan, which is either a Progress Report, due every two years, or an updated Integrated Resource Plan due every four years. Progress Reports reflect

changing conditions and developments, whereas Integrated Resource Plans are comprehensive resource plans that explain the mix of generation and demand-side resources that the utility plans to use to meet their customers' electricity needs over the period covered in the plan.

In accordance with RCW 19.280, the 2020 IRP Progress Report requires the approval by the consumer-owned utilities' governing board after public notice and hearing and subsequent filing with the State of Washington Department of Commerce by March 31, 2021. A resolution to adopt the 2018 Integrated Resource Plan Progress Report was passed by the Seattle City Council in September 2018.

## 2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? ☐ Yes ☒ No

## 3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? ☐ Yes ☒ No

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?  
No.

Is there financial cost or other impacts of *not* implementing the legislation?  
The adoption of this resolution ensures that City Light meets the requirements of RCW 19.280.

## 4. OTHER IMPLICATIONS

- a. Does this legislation affect any departments besides the originating department?  
No.
- b. Is a public hearing required for this legislation?  
Yes. RCW 19.280.050 requires the utility's governing body to approve the Progress Report after it has provided public notice and hearing.
- c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?  
No.
- d. Does this legislation affect a piece of property?  
No.

- e. **Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**

This resolution describes a path for how City Light plans to meet its future power generation needs over the next 20 years and explains recent changes in conditions. When deciding how to implement plans City Light will continue to organize its plans and offer services to vulnerable or historically disadvantaged communities consistent with City policy.

f. **Climate Change Implications**

1. **Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**

This resolution does not materially change Seattle's carbon emissions. City Light is explaining its plans to continue to serve customers with greenhouse gas neutral power, and how it will be developing a new plan to describe progress towards providing greenhouse gas free power by 2045.

2. **Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**

This resolution does not materially change Seattle's ability to adapt to climate change.

- 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)?**

This is not a new initiative or major programmatic expansion; this effort is consistent with Seattle City Light's commitment to serve our customers with safe, reliable, affordable, and environmentally responsible electric service.

**List attachments/exhibits below:**





Seattle City Light

# 2020 INTEGRATED RESOURCE PLAN PROGRESS REPORT

Transportation & Utilities Committee Review

Seattle City Light | February 3, 2021



# PRESENTATION OVERVIEW

---

- What is SCL's IRP Progress Report & what action is required by the City Council
- What Issues are driving the new IRP Framework
- What this means for City Light and Seattle's energy directions and what comes next



# INTEGRATED RESOURCE PLANS AND PROGRESS REPORTS



State Law, 2006  
Requires City Council  
Approval and Public  
Hearing



Twenty-year Resource  
Plan to meet forecast  
demand



All utilities with > 25K  
customers



Safe, Reliable, Clean,  
Equitable, Lowest  
Reasonable Cost



Two-year cycles (2020  
Progress Report\*,  
2022 IRP Update, etc.)

\*one-time exception







Public involvement

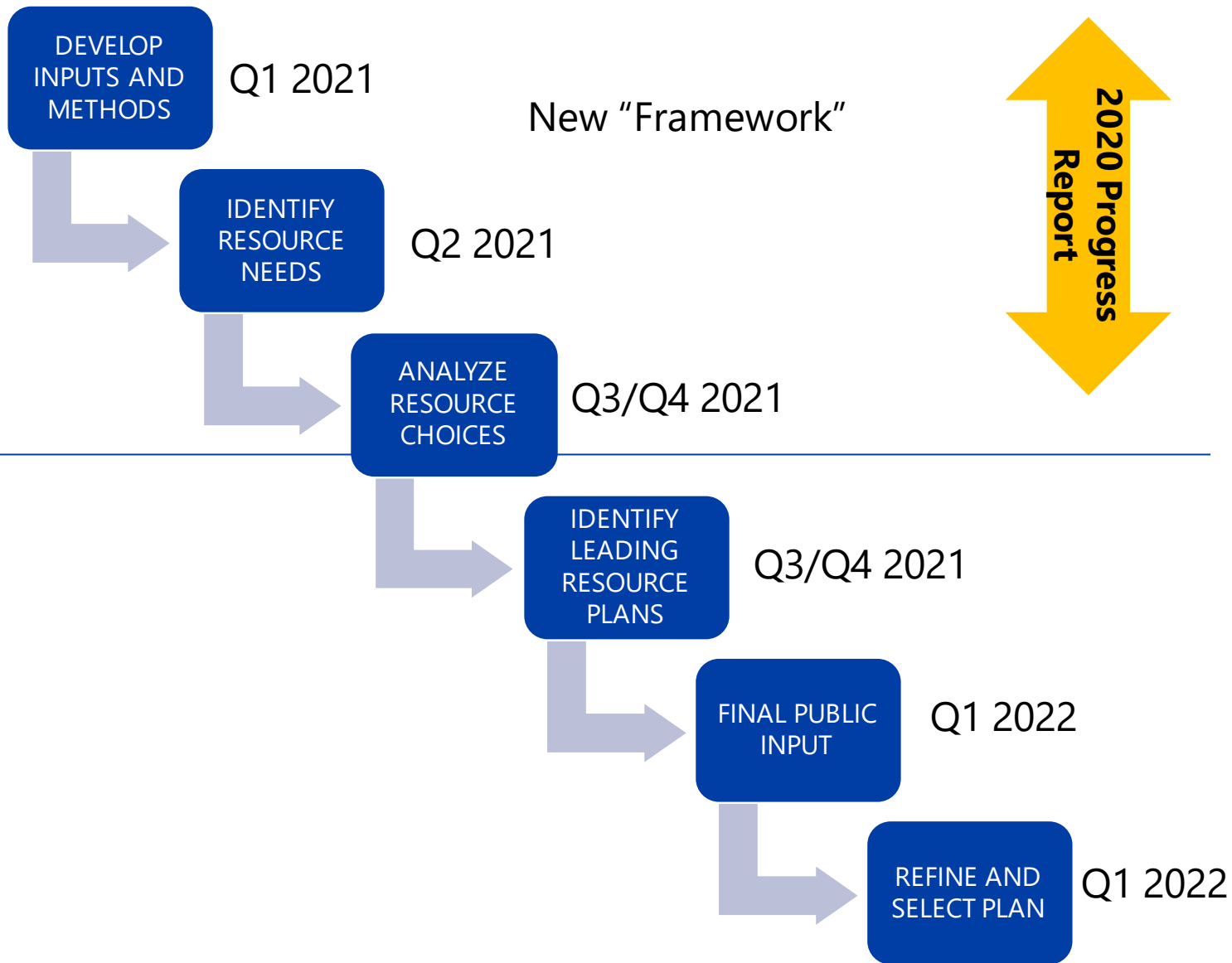


# 2020 PLANNING LANDSCAPE

## COURSE CHANGE TO PROGRESS REPORT

	Clean Energy Innovations	Significant growth in renewable energy and energy efficiency driving future energy supply growth
	Clean Energy Transformation Act	New Washington law with associated rules being written
	COVID-19	Adverse health, environmental justice, economic and energy demand impacts
	Electrification	Climate change concerns transitioning choices and regulations in transportation and building energy use

Integrated Resource Plan Update



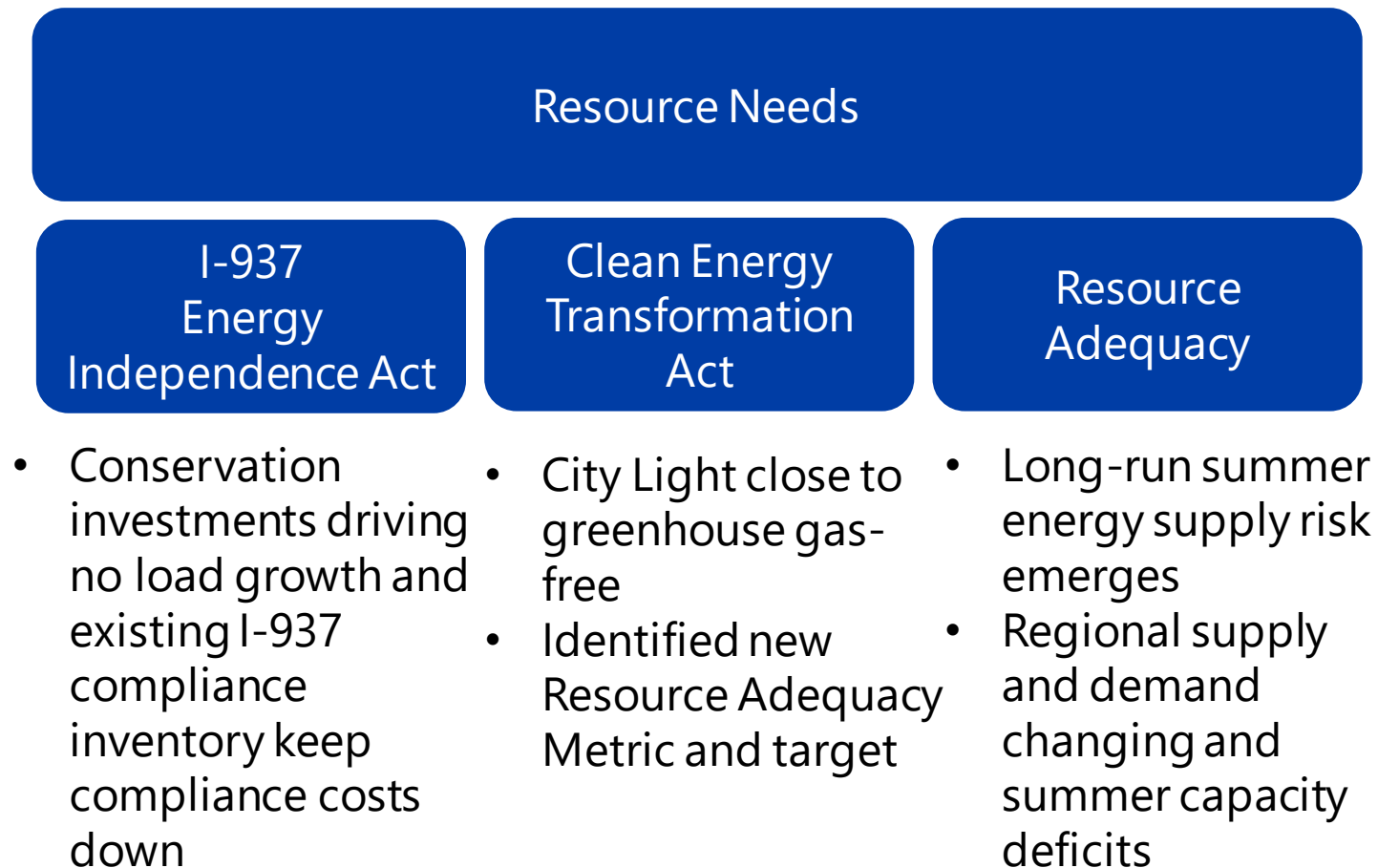


# THANK YOU TO OUR IRP TECHNICAL ADVISORS

---

- Brian Fadie, Northwest Energy Coalition
- Elizabeth Osborne, NW Power & Conservation Council
- Joanne Ho, Consultant
- Joni Bosh, Northwest Energy Coalition
- Jeremy Park, University of Washington
- John Fazio, NW Power & Conservation Council
- Mike Ruby, Envirometrics
- Paul Munz, Bonneville Power Administration
- Steve Gelb, Emerald Cities
- Wesley Lauer, Seattle University

# NEW ENERGY FRONTIER REQUIRES MORE TARGETED FRAMEWORK



# CITY LIGHT'S CURRENT RESOURCES



## 2019 POWER MIX

● HYDRO .....	84%
● UNSPECIFIED* .....	6%
● NUCLEAR** .....	5%
● WIND .....	4%
● BIOGAS.....	1%
<hr/>	
TOTAL .....	100%

\*City Light does not have coal or natural gas resources in its power supply portfolio. It does make market purchases to balance or match its loads and resources. These purchases, along with market purchases made by Bonneville Power Administration (BPA), may incidentally include coal or natural gas resources, which are assigned to the utility. Any emissions associated with unspecified market purchases are offset through our greenhouse gas (GHG) neutrality policy.

\*\*This fuel represents a portion of the power purchased from BPA.

## ENERGY RESOURCES



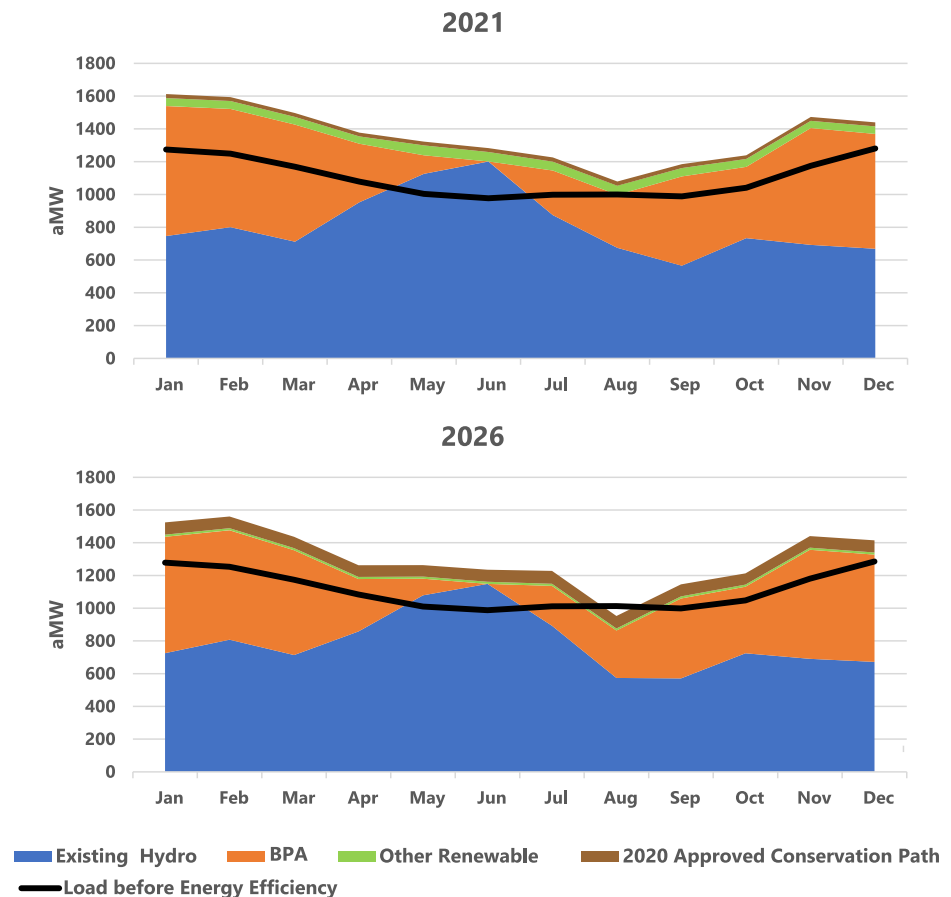
- Owned Hydro
- Treaty Rights From British Columbia
- Long-Term Hydro Contracts (CBH is the Columbia Basin Hydropower)
- Other Long-Term Contracts



# NEW FRAMEWORK POINTS TO SUMMER PRESSURES

## CITY LIGHT "EXPECTED" SUPPLY AND DEMAND

- Resource Adequacy assures we have sufficient supply to serve loads across a wide range of conditions
- Energy constrained for consecutive hours when hydro runs low
- Changing regional power supply requires new focus









# TARGETING FUTURE RESOURCE CHOICES FOR VALUE

- Conservation meets half of our future energy needs-- may not be enough
- City Light is working with customers to add new clean fuels (wind and sun) to meet their needs
- Past IRPs concluded BPA preference power meets City Light goals — that has not changed
- Electrification and Demand Response may emerge to increase the value of our clean energy



# PREPARING FOR THE 2022 IRP

## ACTION PLAN PRIORITIES AND CITY COUNCIL INVOLVEMENT

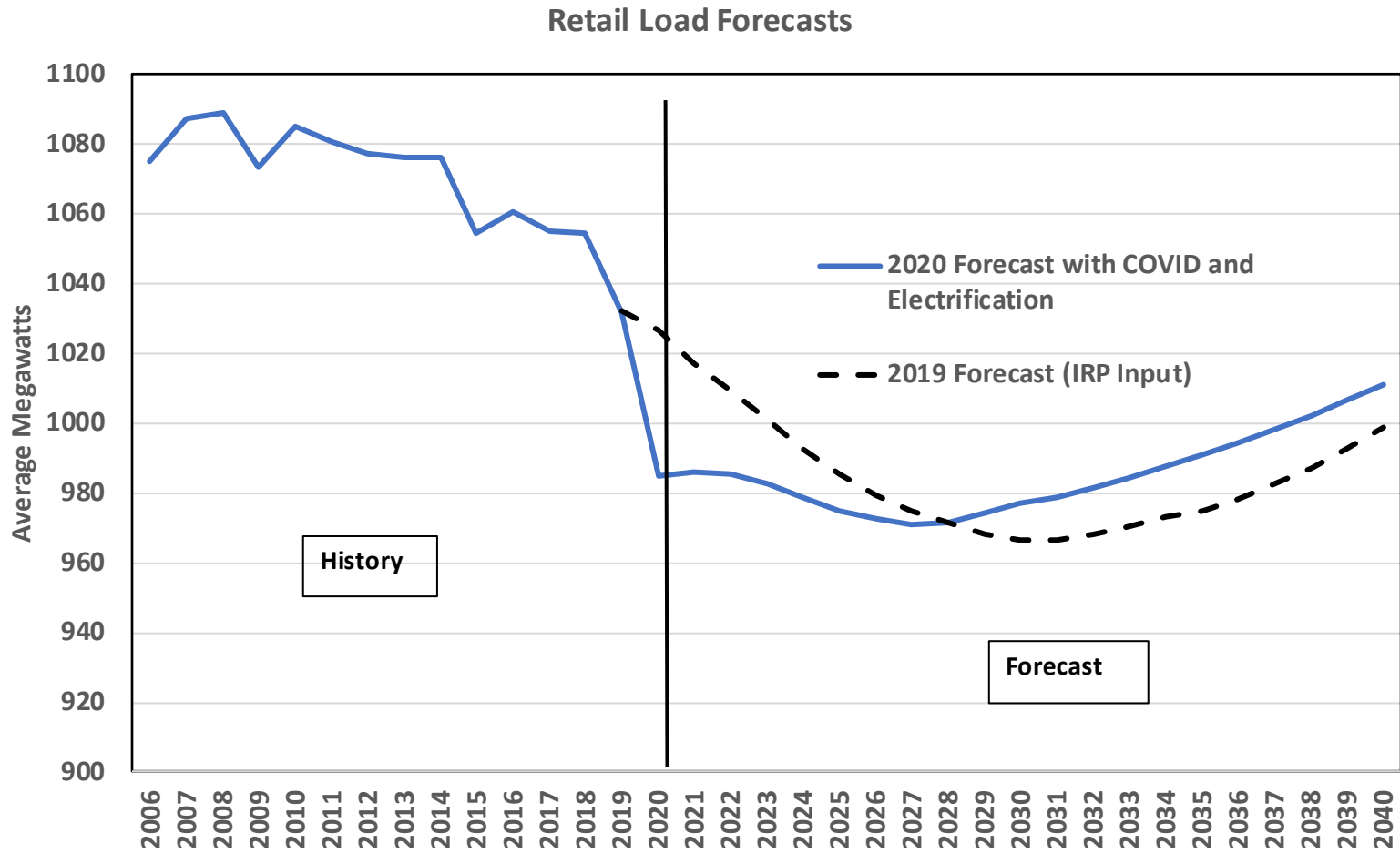
	Aligning City Light Plans	2022 -2026 Strategic Plan (Summer 2021) 2022 Conservation Potential Assessment (Jan 1, 2022) CETA Clean Energy Implementation Plan (Jan 1, 2022) 2022 Integrated Resource Plan (Sept 1, 2022) Transportation Electrification Strategic Investment Plan (adopted) Transmission and Distribution System Plans (ongoing)
	IRP Analysis	Resource Adequacy Needs Updates Adding Resource Choices to Study Electrification and Climate Change Scenarios
	Public Input/ Outreach	Environmental Justice Communities Centric Language Access Defining Resilience
	Customer and Regional Collaboration	Customer Choices Transmission Development Regional Resource Adequacy Programs Future Bonneville Contract

Public review / City Council 2021 approval



# PREPARING FOR THE 2022 IRP

## COVID-19 AND ELECTRIFICATION IMPACTS





# THE NEW ENERGY FRONTIER

## ADAPTING TO CONSTANT CHANGE

- Stable and fair rates
- Flexible and adaptable plans
- Environmental justice
- Well informed and involved customer owners and public





# CITY LIGHT

## MISSION

Seattle City Light provides our customers affordable, reliable and environmentally responsible energy services.

## VISION

Create a shared energy future by partnering with our customers to meet their energy needs in whatever way they choose.

## VALUES:



Customers First



Environmental Stewardship



Equitable Community Connections



Operational and Financial Excellence



Safe and Engaged Employees





## Legislation Text

---

**File #:** CB 119998, **Version:** 1

---

### CITY OF SEATTLE

#### ORDINANCE \_\_\_\_\_

#### COUNCIL BILL \_\_\_\_\_

AN ORDINANCE authorizing the Director of the Seattle Department of Transportation to execute a Transit Service Funding Agreement with King County Metro Transit in order to implement Proposition 1 as approved by Seattle voters in the 2020 General Election; and ratifying and confirming certain prior acts. WHEREAS, on July 27, 2020, by Ordinance 126115, the City placed Proposition 1 on the November 3, 2020

ballot authorizing a 0.15 percent sales and use tax through April 1, 2027 as a replacement for the Seattle

Transportation Benefit District measure that passed in 2014 and expired on December 31, 2020; and

WHEREAS, on November 3, 2020, City of Seattle Proposition 1 was approved by a majority of qualified Seattle electors; and

WHEREAS, on December 7, 2020, the City Council passed Ordinance 126250 to impose the revenue measure authorized by approval of Proposition 1; and

WHEREAS, The City of Seattle intends to implement Proposition 1, as defined in Ordinance 126115, including purchase of King County Metro Transit services with over 65 percent of stops within Seattle; transit access for low-income residents, workers, seniors, and youth; transit infrastructure maintenance and capital improvements; and emerging mobility needs related to COVID-19 response and recovery, and closure of the West Seattle High Bridge; and

WHEREAS, The City of Seattle will begin ramping up the transit service elements of these Proposition 1 programs by purchasing more than 190,000 annual transit service hours from Metro Transit, beginning March 20, 2021; NOW, THEREFORE,

**BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

Section 1. The Seattle Department of Transportation (SDOT) Director is hereby authorized and directed to execute on behalf of The City of Seattle an interlocal agreement with King County, in the form negotiated and accepted by the Director, consistent with the key terms in the version attached to this ordinance as Attachment A.

Section 2. SDOT will report to the Council's Transportation and Utilities Committee, or its successor committee, on all future service change proposals contemplated under section 2.7 of the interlocal agreement. SDOT will report the initial service change proposal at the same time such a proposal is submitted to King County Metro and will report on King County Metro's subsequent acceptance or revisions to the proposal.

Section 3. Any act consistent with the authority of this ordinance taken after its passage and prior to its effective date is ratified and confirmed.

Section 4. 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 \_\_\_\_\_, 2021, and signed by me in open session in authentication of its passage this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_  
President \_\_\_\_\_ of the City Council

Approved / returned unsigned / vetoed this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

\_\_\_\_\_

Jenny A. Durkan, Mayor

Filed by me this \_\_\_\_\_ day of \_\_\_\_\_, 2021.

---

Monica Martinez Simmons, City Clerk

(Seal)

**Attachments:**

Attachment A - Transit Service Funding Agreement by and Between King County and The City of Seattle



**TRANSIT SERVICE FUNDING AGREEMENT  
BY AND BETWEEN  
KING COUNTY  
AND  
THE CITY OF SEATTLE**

THIS TRANSIT SERVICE FUNDING AGREEMENT ("Agreement") is made by and between King County, a political subdivision of the State of Washington and home rule charter county with broad powers to provide public transportation within the County's geographic boundaries, by and through the King County Metro Transit Department ("County" or "Metro Transit") and the City of Seattle, a Washington municipal corporation, by and through the Seattle Department of Transportation ("City" or "SDOT") both of which entities may be referred to hereinafter individually as "Party" or collectively as the "Parties."

**RECITALS**

- A. As a result of a voter-approval of the 2020 Proposition 1 transit funding measure, authorizing a 0.15% sales and use tax increase for six (6) years, the City has identified additional funds that can be used to purchase service hours from the County according to the two priorities of centering equity and ensuring transit works for those who need it most; and the City and County have successfully partnered through multiple agreements, including the 2008 Transit Service Speed and Reliability Partnership Agreement and 2014 Transit Service Funding Agreement, to meet the demands of Seattle's rapid growth and increasing demand for frequent, all-day, 7-day per week transit service.
- B. The City has identified specific routes and times where it desires service hours to be retained or increased to attain transit service goals in the Seattle Transit Master Plan ("Transit Master Plan").
- C. Strategies 3.1.1 and 6.3.1 of the King County Metro Transit Strategic Plan for Public Transportation 2011-2021 ("Strategic Plan") identify partnerships with local jurisdictions and businesses as a potential source of the revenue necessary to provide transit service in support of economic recovery and sustainability.
- D. The King County Metro Mobility Framework identifies guiding principles for how Metro Transit and partners can achieve a regional mobility system that is innovative, integrated, equitable, and sustainable, including:
  - 1. Invest where needs are greatest
  - 2. Innovate equitably and sustainably
  - 3. Encourage dense, affordable housing in urban areas near transit
  - 4. Improve access to mobility
  - 5. Provide fast, reliable, integrated mobility services
  - 6. Align investments with equity, sustainability, and financial responsibility; and

- E. The County and City will work together to deliver City-purchased transit service that meets the following goals of the City’s voter-approved transit funding program:
1. Provide safe and efficient transit for all Seattleites, particularly our essential workers fighting against this global pandemic;
  2. Preserve a robust, connected transit system in Seattle that centers equity by ensuring access no matter the time of day or where you live;
  3. Make transit investments in underserved areas and address acute mobility needs in areas like West Seattle;
  4. Invest in ORCA Opportunity for students and Low-Income Access programs; and
  5. Ensure continuity of critical transit services and transportation investments despite financial restrictions caused by I-976 and COVID-19.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES, COVENANTS AND AGREEMENTS SET FORTH HEREIN, AND FOR OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED BY THE PARTIES, THE PARTIES HEREBY AGREE AS FOLLOWS:

**1. PURPOSE OF AGREEMENT**

The purpose of this Agreement is to set forth the terms and conditions under which the County will operate City-funded transit service. This Agreement incorporates Exhibits A and B, attached hereto, as if fully set forth in this Agreement.

**2. COUNTY’S RESPONSIBILITIES**

- 2.1 The County will provide transit service in accordance with the service identified in Exhibit A, pursuant to which the City will pay the fully allocated cost of the service hours as defined in Section 5 of this Agreement. During the duration of this Agreement, the County acknowledges that the City may enter into regional partnership agreements with other entities to purchase additional transit service from the County. The Parties agree that transit service to be provided under this Agreement and any regional partnership agreements will be consistent with the King County Metro Transit Service Guidelines ("Service Guidelines") as may be updated from time to time by Metro Transit, and/or the City’s Transit Master Plan as may be updated from time to time by the City. Metro Transit will adhere to KCC Section 28.94.020, which requires Metropolitan King County Council (“County Council”) approval of major service changes.
- 2.2 The County will manage the service in accordance with all applicable laws, labor agreements, administrative rules, and internal procedures including, but not limited to, those related to managing daily operations and workforce to deliver service, and as may be further specified in this Agreement. The Parties understand and agree that the transit service referenced herein will be open to the general public.

- 2.3 The County will include the transit service provided for under this Agreement in its ongoing and annual route performance monitoring, consistent with Metro Transit's Strategic Plan and Service Guidelines.
- 2.4 In addition to Section 2.3, the County will compile the following service data for routes serving Seattle, including routes on which the City is purchasing service:
- a. Revenue hours;
  - b. Platform hours;
  - c. Average boardings by trip;
  - d. Load factors by trip, including minimum of maximum, average of maximum, and maximum of maximum;
  - e. Capacity information, including crowding thresholds and seats by typical coach type
  - f. Annualized platform and revenue hours by trip; and
  - g. Trip start and end times.

This data will be reported to the City at least annually, and in the same format for which it is compiled for the County's service planning needs, or otherwise already reported to the City pursuant to the prior existing transit service funding agreement. Upon request by the City, the County will make a reasonable effort to provide route travel time data for routes on which the City is purchasing service, and service data for routes not directly serving Seattle as defined in items (a.) through (g.) above.

## 2.5 **Service Management**

- 2.5.1 While both Parties acknowledge that the County does not have authority to direct City investments, the County retains responsibility for scheduling, managing and operating the service funded by the City under this Agreement. The County will:
- a. For fixed-route, scheduled service, include specific identification of those services that are being funded by the City in printed and electronic schedule information; and
  - b. Notify the City's representative (as listed in Section 19 of this Agreement) in writing of:
    1. Any major changes to City-funded services (notification within ninety (90) days);
    2. Incidents of extended (five (5) days or more) non-operation of City-funded services (notification within forty-eight (48) hours);
    3. Occurrence of major accidents or incidents on City-funded services involving multiple injuries, fatalities or extensive physical damage (notification within twenty-four (24) hours); and
    4. Planned changes in fare policies or levels (notification within ninety (90) days).
- 2.5.2 The service hours for each route specified in Exhibit A are estimates only. The County will use these estimates to invoice the City for City-funded transit service provided, and the City will pay for service hours in accordance with Sections 5 and 6.1 of this

Agreement. Any major changes to the service hours purchased by the City for the routes in Exhibit A shall be subject to the City's consent and approval by the County Council consistent with KCC Section 28.94.020 as now codified or hereafter amended, which requires the County Council approval of major service changes. For purposes of this Agreement, "major changes" are:

- a. any change to a service schedule that affects the established weekly service hours for a route by more than 25%; or
- b. any change in route location that moves the location of any route stop by more than one half mile.

## 2.6 Investment Data Tracking

The County will provide the following service data for routes on which the City is purchasing service:

- a. Route
- b. Identification of associated, through-routed, or co-scheduled routes
- c. Platform hours funded by STBD, by day & period, with periods defined as: Peak (6 a.m. – 9 a.m.); Midday (9 a.m. – 3 p.m.); PM Peak (3 p.m. – 6 p.m.); Evening (6 p.m. – 12 midnight.); and Night (12 midnight – 6 a.m.)
- d. Service change start (and end, if relevant)
- e. Estimate of trips funded by period
- f. Supplantation eligibility

The City and County will jointly identify and maintain a shared tracking document or system for STBD investments. Following each of Metro Transit's major service changes, this shared tracking document or system will be updated with the service information listed in this section 2.6.

## 2.7 Changes to Service

- 2.7.1 The City acknowledges that the County routinely implements transit service changes. For 2021 and subsequent years, it is expected that service change dates will be scheduled to occur in March and September. If additional service change dates are implemented by the County, the provisions of this Agreement will also apply to any additional service change(s). The Parties agree to coordinate changes to service in conjunction with the County's scheduled service change dates.
- 2.7.2 Metro Transit also routinely makes small, limited-scope service increases between service changes to respond to emerging conditions. These service increases are not published in route schedules. At its discretion, Metro Transit may implement small City-funded service increases between service changes if deemed operationally feasible and advisable.
- 2.7.3 For fixed-route service changes not requiring County Council approval, the City agrees to initiate a coordinated working process with the County to develop a list of service



investments two hundred (200) days prior to the applicable service change date. Initiation of this work process will include presentation of an initial list of potential investments developed by the City, and joint development of a process timeline and scope of work by the City and County. The County and City will work to refine the City's proposal with the County confirming a final list of investments with final hours estimates and supplementary information provided in the tracking document referenced above no later than one hundred seventy (170) days prior to the applicable scheduled service change date. After one hundred seventy (170) days and before one hundred thirty-five (135) days in advance of the applicable service change date, any already-identified draft investments should be finalized (if needed), and any new investments or substantive changes to the investment package are at Metro Transit's discretion. Neither Party may make any changes to the list of investments within one hundred thirty-five (135) days of the applicable service change date.

- 2.7.4 For fixed-route service changes that require County Council approval, an additional one hundred thirty (130) days should be added to the milestones set forth in Section 2.7.3. If extraordinary circumstances arise after the three hundred (300)-day milestone that results in the need for changes that may require County Council approval, Metro Transit and SDOT will work together to identify a mutually agreeable course of action.
- 2.7.5 If Metro Transit proposes to restructure or make changes to multiple routes along a corridor or within an area so as to reduce or eliminate any existing City-funded transit service in a manner not already captured under paragraphs 2.7.1 through 2.7.4, the Parties will work together to identify replacement investments on the resulting service network. Metro Transit may exercise its discretion to consider a service restructure for a variety of reasons including, but not limited to, Sound Transit or Metro Transit investments, existence of corridors above or below All-Day and Peak network frequency (as reported in the annual Service Guidelines Report), services that compete for the same riders, a mismatch between service and ridership, major transportation network changes, and major development or land use changes. Metro Transit will restructure service in a manner consistent with the service design criteria found in its Service Guidelines.
- 2.7.6 If Metro Transit proposes new or substantially revised Service Guidelines, Metro Transit will consult and collaborate with the City, along with other County jurisdictions through the Regional Transit Committee (RTC) process on the changes. To the extent that new or revised Service Guidelines affect City-funded service, the Parties will meet before those changes go into effect and negotiate resulting changes to this Agreement through an amendment as described in Section 10 of this Agreement.
- 2.7.7 If, in the County's determination, the City proposes a significant change or restructure to a route or corridor, such as (by way of example only) the 2016 City service investment that separated the RapidRide C and D lines, then the City will, if requested by the County, participate in an interagency team to evaluate and/or plan for the proposed change. Prior to committing resources to such an effort, the Parties will negotiate team composition and allocation of additional costs related to planning and implementation of such changes or restructuring. If the Parties agree on the service and capital investment needed to achieve

the service changes or restructuring, then the interagency team will be responsible to analyze and develop an implementation plan to address service pathways, facilities, buses, terminals, equipment, and any other relevant issues and support needs.

- 2.7.8 The Parties agree that any change to City-funded transit service to be implemented at a subsequent scheduled service change date shall be memorialized in an amendment to this Agreement, which shall be a new subpart of Exhibit A and will set forth the service description and annualized hours for that service change date (for example, modifications to the Service Description and Annualized Hours for the March 2021 service change shall be memorialized in a new Exhibit A). Except as provided in Section 2.5, the Metro Transit's General Manager ("General Manager") and SDOT's Director ("Director") are authorized to execute such amendments without additional approval by the County Council or the City Council.

## 2.8 Customer Marketing and Communications

For the transit service specified in this Agreement, the County will continue to follow its standard procedures for developing and distributing full service marketing and communications information such as press releases and service change notifications, to the public through its existing tools and activities. The County will provide the City with the opportunity for advance review of marketing and mass communications materials related to services provided under this Agreement. If the City determines there is an additional communication need related to its contracted service, then the City will coordinate that effort with the County through the County's transit communications and marketing staff.

## 3. CITY'S RESPONSIBILITIES

- 3.1 **Service Funding.** The City will pay, based on invoices from the County, the fully allocated cost of the service and fleet costs as defined in Section 5 and consistent with Exhibits A and B as may be amended from time to time as provided in this Agreement.
- 3.2 **Operating Enhancements.** The City agrees to pay for any operating enhancements that support more efficient operations of City-funded transit service beyond that which the County normally provides, such as enhanced fare enforcement or transit lane enforcement. The addition of such operating enhancements shall be addressed in accordance with Section 10.
- 3.3 **City Transit Reserves.** The maintenance and use of any reserve funds created or maintained by the City shall be solely within the City's control and are not subject to the County's reserve policies. However, pursuant to Section 11.5, the City will endeavor to maintain reserves adequate to avoid cutting more than 100,000 service hours per service change period as the County ramps down City-funded service for early termination or expiration of this Agreement.
- 3.4 **Terminal Facilities.** The City will make every effort to ensure adequate terminal facilities are available within the City limits to support City-funded transit service. The City acknowledges Metro Transit's ability to operate or to provide additional service frequency may be dependent on availability of adequate terminal facilities. Any dispute regarding the adequacy of any particular

terminal facilities shall be resolved using the dispute resolution process set forth in Section 13 of this Agreement.

#### **4. AGREEMENT DURATION**

The term of this Agreement shall commence upon full execution of this Agreement by the Parties. Services will begin as specified in Exhibits A-1 and A-2. This Agreement shall remain in effect until December 31, 2027, unless extended or earlier terminated pursuant to the terms of this Agreement. If the City desires to continue the Agreement beyond the initial term, the City will provide the County with written notice one hundred eighty (180) days prior to the expiration date of the Agreement. The General Manager and the Director are authorized to extend this Agreement for up to an additional twelve (12) months without additional approval by the County Council or the City Council.

#### **5. SERVICE COSTS/REVENUES**

##### **5.1 Compensation**

- 5.1.1 This Section describes how the City will compensate the County for operating the City-funded transit service. The City will reimburse the County for all Operating Expenses and Fleet Costs in excess of the Farebox Revenue, as these terms are defined in Sections 5.2, 5.3 and 5.4, respectively.
- 5.1.2 The County will annually update Exhibit B to reflect the rates resulting from the Budget Process, as defined in Section 5.5, which will be used for invoicing throughout the operating year. The Closeout Reconciliation, as defined in Section 5.6, will then determine the final compensation resulting from actual operating expenses and revenue.

##### **5.2 Operating Expense & Cost Allocation Model**

- 5.2.1 The City will compensate the County for the fully allocated operating expense for the City-funded transit service provided by the County pursuant to this Agreement. Fully allocated operating expenses include, but are not limited to, the cost of fuel, maintenance, driver wages, service supervision, infrastructure maintenance, revenue collection, scheduling, rider information, data analysis, administrative costs and management costs, unless otherwise noted in this section.
- 5.2.2 For the Budget Process described in Section 5.5, the County will provide a Budget Cost Allocation Model (CAM). The CAM aggregates operating expenses into groupings of similar types, called Cost Pools, and then allocates these expenses to the modes of transportation operated by the County using Allocation Variables, which can be based on service, maintenance data, personnel counts or other methods. The Budget CAM is based on Metro Transit's adopted budget. Consistent with the rest of King County, Metro Transit is on a biennial budget cycle. Any annual budget amounts calculated pursuant to this Agreement represent an annual allotment of the adopted biennial budget for the period

under consideration. The budgeted operating cost for the planned City-funded service will be updated annually in Exhibit B.

- 5.2.3 For the Closeout Reconciliation described in Section 5.6, the County will provide an Actual CAM. Actual CAM is used to provide operating expense for National Transit Database (NTD) reporting and follows federal guidelines for reporting operating expense. Actual CAM uses actual operating data to allocate actual operating expense from the County's financial system to the modes of transportation operated by the County. The Actual CAM determines the Operating Expense for which the City is required to reimburse the County for the actual service operated.
- 5.2.4 For purposes of this Agreement, the fully allocated operating expense does not include the AD GM GM: Metro Transit General Manager's Office expenses Cost Pool.:

### 5.3 Fleet Costs

- 5.3.1 The City will compensate the County for fleet costs based on the number of buses required to operate AM and PM peak hours for the service identified in the subpart of Exhibit A in effect at the time. For purposes of this Agreement the AM peak hours are defined as 6 a.m. – 9 a.m. and the PM peak hours are defined as 3 p.m. – 6 p.m.
- 5.3.2 The County will determine the number of buses required for the City-funded transit service and the fleet cost based on the following:

AM & PM Peak Annual Hours = one (1) bus per	1,000	Annual Hours
Financing Period (Diesel/Hybrid buses)	12 Years	FTA minimum
Financing Period (Trolley buses)	15 Years	FTA minimum

- 5.3.3 Exhibit B will be updated annually to reflect the annual fleet cost per bus by type of bus. This annual cost will be based on the assumed full price of a bus for the period from the County's budget process divided by the financing period as shown in the table above.

### 5.4 Farebox Revenue

- 5.4.1 The City will receive a credit towards the County's operating costs of providing the City-funded transit service based on the system-wide farebox recovery ratio (farebox revenue divided by operating cost).
- 5.4.2 For the Budget Process described in Section 5.5, the farebox recovery ratio will be based on the County's adopted budget. The Closeout Reconciliation described in Section 5.6 will use actual system-wide farebox revenue and operating cost for the year of operation.

## 5.5 Budget Process

- 5.5.1 By October 31 of each calendar year, the County shall prepare and deliver to the City an estimate of Operating Expense, Fleet Costs, and Farebox Revenue for the planned City-funded transit service for the upcoming year based on the proposed County budget. The County will provide a preliminary Budget CAM representing the annual allocation of the County's proposed biennial budget using estimations of inputs. The City will review and provide comments to the County on the financial estimates and the CAM within ten (10) business days.
- 5.5.2 By December 15 of each calendar year, the County shall prepare and deliver to the City the Operating Expense, Fleet Costs, and Farebox Revenue for the planned City-funded transit service for the upcoming year based on the adopted County budget. The County will provide a final Budget CAM representing the annual allocation of the County's adopted biennial budget using estimations of inputs. Exhibit B will be updated annually in January, based on this Budget Process to reflect Operating Expense, Fleet Costs, and Farebox Revenue for the Invoicing and Payment Procedures detailed in Section 6.

## 5.6 Closeout Reconciliation

- 5.6.1 On an annual basis, based on the information developed annually by Metro Transit required for reporting to the NTD, the Parties will reconcile the actual City-funded hours delivered and fully allocated costs of the City-funded transit service against the invoiced amounts paid by the City.
- 5.6.2 For purposes of this Agreement the method of reconciliation will use Operating Expense as allocated for the actual City-funded transit service through the Actual CAM defined in Section 5.2.
- 5.6.3 Farebox recovery will use actual farebox revenue and operating cost for the year of operation.
- 5.6.4 Fleet costs will be based on the type of buses scheduled to provide the City-funded transit service.
- 5.6.5 By March 31 of each calendar year, the County shall prepare and deliver to the City a preliminary Closeout Reconciliation comparing what the City has paid through monthly invoices versus actual expenses and revenue collected by the County for the previous calendar year. The County will provide its CAM as detailed support.
- 5.6.7 By April 30 of each calendar year, the County shall prepare and deliver to the City a final Closeout Reconciliation comparing what the City has paid through monthly invoices versus actual expenses and revenue collected by the County for the previous calendar year. The County will provide its CAM as detailed support.



- 5.6.8 If the amount invoiced to and paid by the City for the City-funded transit service exceeds the actual costs documented in the County's financial records, the County will compensate the City for the difference pursuant to Section 5.6.10.
- 5.6.9 If the amount invoiced to and paid by the City for the City-funded transit service is less than the actual costs documented in the County's financial records, the City will compensate the County for the difference pursuant to Section 5.6.10.
- 5.6.10 The settlement of the annual reconciliation will be made by separate invoice issued prior to the end of the same year as the reconciliation. Any overcharge or underpayment of City-funded transit reconciliation for this Agreement shall be credited or paid by the responsible Party within sixty (60) days of receipt of the reconciliation invoice.
- 5.6.11 The final reconciliation after the expiration or termination of the Agreement shall take place at the next scheduled NTD report cycle described in this Section 5 and if any adjustment is necessary it shall be remitted to the appropriate Party within sixty (60) days of the reconciliation.
- 5.6.12 The provisions of this Subsection 5.6 will survive the expiration or earlier termination of the Agreement.

## **5.7 Periodic Review of Financial Performance**

- 5.7.1 The County recognizes that operational and policy decisions can have an impact on the required reimbursement from the City for service funded through this Agreement. In committing to communicate with the City, the County's intent is to ensure that the City has sufficient information and opportunity to inform decisions on service investments.
- 5.7.2 The Parties will meet annually to review the cost and performance of the City-funded service in the previous year. The purpose of this meeting is to identify cost drivers, issues, and trends that may impact future planning. This review will take place sometime after May 1 of each year in order to allow for the Closeout Reconciliation described in Section 5.6, unless the Parties mutually agree to cancel the meeting.
- 5.7.3 Throughout the operating year, the County will provide quarterly briefings via email (or meetings if requested by the City) focused on analysis of actual vs. budgeted cost and performance for Metro Transit's enterprise operating expense, including the performance of major operating divisions supporting City-funded service, such as Bus Operations and Vehicle Maintenance.
- 5.7.4 The County will inform the City of any major changes to fare policy impacting projected revenue, including temporary suspension of fares due to public emergencies, as soon as possible in order to allow the City the opportunity to make changes in service levels to adjust for a potential reduction in farebox recovery revenue credited.

- 5.7.5 If the City determines that changes in Metro Transit’s enterprise expense or projected revenues would lead the City to reduce City-funded service then the Parties shall meet and discuss potential actions they could jointly agree to take to maintain such service or to reduce the impacts of the service reductions. Those actions could, by mutual agreement, include: service suspensions; temporary suspension or revision of the cap on total number of hours that can be reduced in one service change; or other actions that Metro Transit could take to mitigate a potential loss in service.
- 5.7.6 In the event of the need for unplanned service reductions in response to a public health or other emergency pursuant to KCC 28.94.020(B)(2)(a)<sup>1</sup> as now codified or hereafter amended, excluding snow emergencies, Metro Transit commits to include City staff in the process of identifying those cuts.
- 5.7.7 If, after the date the City begins to fund service under this Agreement, Metro Transit is allocated federal grant funds to support bus operations as a result of COVID-19, as with 2020 CARES Act funding, then the County will engage with the City, based on the circumstances, amount, and purpose of funds provided, to develop and implement a credit for an applicable portion of these grant funds towards the cost of bus service purchased by the City. For purposes of this Section 5, “an applicable portion of these grant funds” means the percentage of Metro Transit bus service eligible for these federal grant funds which is funded by the City under this Agreement on the date Metro Transit is allocated the funds.

## 5.8 Flexible Services Reimbursement

- 5.8.1 The City may choose to invest in Flexible Services, which are defined as transportation services operated by a 3rd party in contract with the County (DART, Via, Ride2, etc...). These services could include pilot programs, as well as service that has transitioned into permanent programs. The County’s budget process and adopted service plans will determine when pilot service has transitioned into permanent service. If the Parties wish to implement a pilot project operated by Metro Transit, an amendment to this Agreement shall be required. Flexible Services expense and revenue projections for invoicing will be included in Exhibit B. Flexible Services investments will be subject to the Closeout Reconciliation language in Section 5.6 and Invoice/Payment Procedures in Section 6.
- 5.8.2 Pilot Program Reimbursement: The City will reimburse the County for the direct costs of service from the contractor for the agreed upon level of service, as well as any direct costs related to service implementation and support. Incremental overhead costs will not be allocated to these direct service and support costs for pilot program reimbursement. The

---

<sup>1</sup> [https://aqua.kingcounty.gov/council/clerk/code/38\\_Title\\_28.htm#\\_Toc468864549](https://aqua.kingcounty.gov/council/clerk/code/38_Title_28.htm#_Toc468864549) “...if, in the opinion of the director, an emergency exists that requires any change to established routes, schedules or classes of service, the director may implement such a change for such a period as may be necessary in the director's judgment or until such a time as the council shall establish by ordinance otherwise. Such changes that the director intends to be permanent shall be reported in writing to the chair of the council.”

City will receive a credit towards the costs of this service based on the farebox recovery ratio of the specific funded service (not the system-wide ratio for fixed route bus service), as well as any external funding sources, such as federal, state or local grants specifically designated for this service.

- 5.8.3 Permanent Program Reimbursement: The City will reimburse the County for the fully-allocated cost of the agreed upon level of Flexible Services provided. This includes direct costs for service from the contractor, as well as any direct costs related to service implementation and support, as well as overhead costs as allocated through the CAM as described in Section 5.2. The City will receive a credit towards the costs of this service based on the farebox recovery ratio of the specific funded service (not the system-wide ratio for fixed route bus service), as well as any external funding sources, such as federal, state or local grants specifically designated for this service.

## **6. INVOICES/PAYMENT PROCEDURES**

- 6.1 The County will submit an invoice to the City quarterly, no later than March 31, June 30, September 30, and December 31, for Metro Transit's costs to provide City-funded transit service in accordance with Exhibits A and B for each 3-month period leading up to each invoice date. These quarterly invoices will be based on the Service Description and Annualized Hours, the fully allocated operating expense, fleet costs, and farebox recovery ratios developed in the King County budget process. Quarterly invoice amounts will each reflect one-fourth of the total annual budgeted operating expense and fleet expense, less the farebox recovery.
- 6.2 The estimated fully allocated Operating Expense, Fleet Costs and Farebox Recovery ratios are provided in Exhibit B and will be updated by the County in January of each year in the form of a new subpart to Exhibit B sent to the City. The Budget Process defined in Section 5.5 will determine the updates to Exhibit B that will be used for invoicing.
- 6.3 The City shall make payment within forty-five (45) days after receipt of an invoice. Should the City fail to pay the County the amount due within forty-five (45) days of receipt of a billing invoice from the County, a late payment assessment in the form of interest shall be applied to any outstanding balance due for that invoice. The late payment assessment shall be fixed at the maximum interest rate allowable under Washington state law on the date the payment was initially due.

## **7. NO SUPPLANTING OF TRANSIT SERVICE**

- 7.1 The Parties agree that the transit service funded by the City under this Agreement shall not supplant other service on routes partially or completely operating within the City that the County would otherwise provide in accordance with the Service Guidelines.
- 7.2 The transit service funded by the City under this Agreement will be included in Metro Transit's annual System Evaluation Report as part of its route service level and performance assessments.

The entirety of any route in which the City purchases service hours will be evaluated as a whole without separating out or otherwise distinguishing between “Seattle hours” or “King County hours.”

- 7.3 Metro Transit’s service investments, reductions, reinvestments, and restructures of bus routes will be based on Metro Transit’s policies including the annual System Evaluation Report and the Service Guidelines in effect in each year the system is evaluated. Metro Transit will be guided by the Report and its priorities, which apply systemwide. The City acknowledges that Metro Transit has the sole authority to interpret the Service Guidelines and make changes to the transit network based on implementation of the Service Guidelines.
- 7.4 At the initiation of any City-funded transit service and through at least the next evaluation period, Metro Transit will continue its current number of bus trips, not including service funded by others, on any route and in any period for which the City has purchased service hours, subject to the service change process set forth in Section 2.7 and subject also to Section 7.5. If, in accordance with Sections 2.7 and 7.3, a Service Guidelines-based evaluation identifies any of these such routes as an investment or reduction priority, Metro Transit may increase or reduce service hours on a route(s) based on that evaluation and shall notify the City of its determination. Based on that determination, or based on implementation of the City’s Transit Master Plan, the City may reduce or increase its purchase of additional service in a route(s) at any time, consistent with the service change notification provided under Section 2.7 of this Agreement. The County acknowledges that the City has the sole authority to interpret the City's Transit Master Plan and to make changes in the allocation of its City-funded transit service based on implementation of its Transit Master Plan.
- 7.5 Before any service restructure, as defined in the Service Guidelines, is implemented on routes on which the City has purchased service hours, Metro Transit will identify as a baseline the Seattle hours and King County hours invested in the affected routes prior to the implementation of the restructure. Except as provided in Section 7.4, after such a restructure, Metro Transit's net investment of King County hours will remain the same as identified in the baseline. Provided however, if a future Metro Transit budget establishes the need for system reductions, then a service restructure may result in Metro Transit’s net investment being reduced from the baseline.
- 7.6 If during the duration of this Agreement, growth in current revenues or new revenue sources enable the Metro Transit system to grow, then the City will be credited for service investments made after Metro Transit’s March 2021 service change. The City will be credited for new investments consistent with Metro Transit’s top three investment priorities (1. crowding, 2. reliability, 3. system growth) in the following manner:
- 7.6.1 Based on the annual System Evaluation, current service hours investment needs for priorities 1 to 3 will be calculated and Metro Transit will identify the percentage of total system service hours need that applies to “Seattle routes.” Seattle routes are defined as those with 65% of their stops within the city of Seattle and/or current and future RapidRide routes that serve Seattle.
- 7.6.2 Metro Transit will replace current City-funded transit service in this Agreement that is identified and prioritized as an investment need by Metro Transit’s System Evaluation, up

to the percentage of new service hours growth equal to the percentage of service hours investment need identified in 7.6.1 above that applies to Seattle routes.

7.6.3 The replacement investment that Metro Transit would make under Section 7.6.2 of this Agreement will be capped at the total number of hours the City has purchased via this Agreement that also fall within Metro Transit's top three investment priority categories. Subject to that cap, Metro Transit will replace eligible City investments in Service Guidelines priority order: 1. crowding, 2. reliability, and 3. system growth in the corridor priority identified in the most current System Evaluation. Any other Metro Transit investments would be consistent with the Service Guidelines prioritization and order of investment that the County would otherwise apply.

7.7 If during the duration of this Agreement, reduction in revenues or loss of revenue sources require the Metro Transit system to shrink, the City will be given the opportunity to fund service that would otherwise be subject to reduction according to the Service Guidelines. The City acknowledges that City of Seattle investment in a route does not protect or otherwise insulate routes from being considered for reduction in the event that Metro Transit must reduce service.

## **8. RECORDS AND AUDITS**

8.1 Maintenance of Records. The Parties shall maintain books, records, and documents directly pertinent to performance of the work under this Agreement for a period of at least six (6) years after the expiration or earlier termination of the Agreement.

8.2 Access for Audit Purposes. For the purpose of audit and examination, to verify the County's work and invoices, to assist in negotiations for additional work, and to resolve claims and disputes, the City shall have reasonable access to and be permitted to inspect such books, records and documents that are not privileged or otherwise exempt from disclosure under applicable law in order to monitor and evaluate the service provided pursuant to this Agreement. If an audit is performed, the County will be afforded the opportunity for an audit exit conference and an opportunity to comment and submit any supporting documentation on the pertinent portions of any draft audit report and any final audit report will include written comments of reasonable length, if any, of the County.

8.3 Disclosure of Public Records. The Parties acknowledge that all non-privileged, non-exempt records arising out of or relating to this Agreement are subject to public disclosure, including but not limited to records that may result from access to records under Section 2.6.

## **9. INDEMNIFICATION AND LEGAL RELATIONS**

9.1 No Third Parties. It is understood and agreed that this Agreement is solely for the benefit of the Parties hereto and gives no right to any other person or entity. No joint venture or partnership is formed as a result of this Agreement. No employees or agents of one Party or its contractors or subcontractors shall be deemed, or represent themselves to be, employees, agents, contractors or subcontractors of the other Party.



- 9.2 Compliance with Law. Each Party shall comply, and shall ensure that its contractors and subcontractors, if any, comply with all federal, state and local laws, regulations, and ordinances applicable to the work and services to be performed under this Agreement.
- 9.3 Indemnity.
- 9.3.1 Each Party shall protect, defend, indemnify and save harmless the other Party, its elected officials, officers, officials, employees and agents while acting within the scope of their employment or agency, from any and all costs, claims, judgments, expenses, and/or awards of damages, arising out of or in any way resulting from each Party's own negligent acts or omissions. Each Party agrees that it is fully responsible for the negligent acts and omissions of its own subcontractors, their employees and agents while acting within the scope of their employment or agency as it is for the negligent acts and omissions of its own employees and agents. Each Party agrees that its obligations under this provision extend to any claim, demand, and/or cause of action brought by or on behalf of any of its employees or agents while acting within the scope of their employment or agency. In the event any such liability arises from the concurrent negligence of the indemnifying Party and the other Party, the indemnity obligation of this section shall apply to the extent of the negligence of the indemnifying Party and its actors.
- 9.3.2 The foregoing indemnity is specifically and expressly intended to constitute a waiver of each Party's immunity under Washington's Industrial Insurance Act, RCW Title 51, as respects the other Party only, and only to the extent necessary to provide the indemnified Party with a full and complete indemnity of claims made by the indemnitor's employees. The Parties acknowledge that these provisions were specifically negotiated and agreed upon by them.
- 9.4 Remedies Cumulative. Each Party's rights and remedies in this Agreement are in addition to any other rights and remedies provided by law.
- 9.5 Choice of Law; Venue. This Agreement shall be interpreted in accordance with the laws of the State of Washington without giving effect to its conflicts of law rules or choice of law provisions. The Superior Court of King County, Washington, located in Seattle, Washington, shall have exclusive jurisdiction and venue over any legal action arising under this Agreement between the Parties.
- 9.6 The provisions of this Section 9 shall survive the expiration or earlier termination of this Agreement.
- 10. CHANGES AND MODIFICATIONS**
- 10.1 This Agreement may be amended or modified only by a prior written amendment signed by the Parties hereto. Except as otherwise provided in this Agreement, the General Manager and the Director are authorized to execute amendments that are consistent with the intent and purpose of this Agreement without additional approval by the County Council or the City Council.

- 10.2 In particular, the City may request the County to provide transit service or operating enhancements beyond the scope specifically provided for herein. Consistent with its appropriation authority, the County may provide such additional transit service or operational enhancements at its sole discretion. The cost of such additional transit service or operating enhancement will be determined by the County and memorialized in an amendment signed by the Parties as soon as practicable when any such additional transit service or operating enhancement is identified. The General Manager and the Director may also agree to reductions in City-funded service consistent with the terms of this Agreement.

## **11. TERMINATION OF AGREEMENT**

- 11.1 Either Party may terminate this Agreement in writing if the other Party substantially fails to fulfill any or all of its obligations under this Agreement through no fault of the other; provided, however, that, insofar as practicable, the Party terminating the Agreement will give notice of intent to terminate not less than one hundred eighty (180) calendar days prior to the County's next scheduled service change date.
- 11.2 In addition to termination under Subsection 11.1 of this Agreement, either Party may terminate this Agreement for its convenience, provided that the other Party will be given notice of intent to terminate not less than one hundred eighty (180) calendar days prior to the County's next scheduled service change date.
- 11.3 Performance of any responsibilities undertaken by either Party pursuant to this Agreement is conditional upon the appropriation by their respective legislative bodies of sufficient funds. If such an appropriation is not approved by a Party's legislative body, then this Agreement shall terminate at the close of that Party's then-current appropriation period and that Party's costs associated with such termination, if any, shall not exceed the appropriation for the appropriation period in which termination occurs; provided, however that, notwithstanding any provisions herein to the contrary, a proposed termination by the City pursuant to this Section 11.3 will not become effective until the date of the next scheduled service change upon which City-funded service can be discontinued in accordance with Metro Transit's ordinary service change process. The Parties acknowledge that King County is on a biennial budgeting cycle and appropriations end on December 31<sup>st</sup> of the last year of the biennium (even-numbered calendar years), whereas the City is on an annual budgeting cycle and appropriations end on December 31<sup>st</sup> of each calendar year.
- 11.4 If either Party terminates, the City will pay the County a pro-rated amount for services performed in accordance with the Agreement to the date of termination.
- 11.5 If the City gives notice to terminate this Agreement consistent with this Section 11 or due to expiration of this Agreement, then in addition to any other applicable requirements of this Section 11, including but not limited to the one hundred eighty (180)-day notice periods in Sections 11.1 and 11.2, the City will endeavor to maintain sufficient funding and reserves available to fund service through a ramp-down period. This ramp-down period is intended to allow Metro Transit to adjust its workforce, facilities, and resources to reflect loss of City funding; and to engage with and prepare transit customers for negative impacts of reductions. Regardless of the availability of

reserves, the City may reduce direct service funding by not more than 100,000 hours per service change, for as many service changes as it would take to fully remove the City's investments. For any reductions that would require County Council approval, the ramp-down must be phased to allow this process to take place before service is removed.

## **12. FORCE MAJEURE**

Either Party shall be excused from performing its obligations under this Agreement during the time and to the extent that it is prevented from performing by a cause beyond its control, including, but not limited to: Any incidence of fire, flood, earthquake or other acts of nature, including adverse winter weather; epidemic or pandemic infectious disease; civil unrest, riots, strikes, or labor actions; commandeering material, products, or facilities by the federal, state or local government; and/or national fuel shortage; and disruption of public utilities; provided that satisfactory evidence of such cause shall be timely presented to the other Party, and provided further that such non-performance is beyond the control and is not due to the fault or negligence of the Party not performing. In no event, however, shall this provision eliminate the City's obligation to make payment to the County for services performed in accordance with this Agreement.

## **13. DISPUTE RESOLUTION**

- 13.1 In the event of any dispute concerning this Agreement, the designated Contact Persons for City of Seattle and King County, as defined in Section 19 Designated Representatives, will confer to resolve the dispute. The designated representatives will use their best efforts and exercise good faith to resolve disputes and issues arising out of or related to this Agreement.
- 13.2 In the event the designated representatives are unable to resolve the dispute, the Deputy Director or designee for SDOT and the Mobility Division Director for Metro Transit will confer and exercise good faith to resolve the dispute.
- 13.3 In the event the SDOT Deputy Director or designee and the Mobility Division Director for Metro Transit are unable to resolve the dispute, the SDOT Director and the Metro Transit General Manager will engage in good faith negotiations to resolve the dispute.
- 13.4 In the event the SDOT Director and the Metro Transit General Manager are unable to resolve the dispute, the Parties may, but are not required to, submit the matter to a mutually agreed upon non-binding mediator. The Parties will share equally in the cost of the mediator.
- 13.5 SDOT and Metro Transit may not seek relief in a court of law until and unless each of the required procedural steps is exhausted.

## **14. WAIVER OF DEFAULT**

Waiver of any default shall not be deemed to be a waiver of any subsequent default. Waiver of breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach and

shall not be construed to be a modification of the terms of this Agreement unless stated to be such in writing, signed by authorized Parties and attached to the Agreement as an exhibit.

**15. ASSIGNMENT**

This Agreement shall be binding upon the Parties, their successors, and assigns; provided, however, that neither Party shall assign nor transfer in any manner any interest, obligation or benefit of this Agreement without the other's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed.

**16. HEADINGS FOR CONVENIENCE ONLY**

Section titles or other headings contained in this Agreement are for convenience only and shall not be deemed part of this Agreement or be taken into consideration in the interpretation or construction of this Agreement.

**17. MUTUAL NEGOTIATION AND CONSTRUCTION**

This Agreement and each of the terms and provisions hereof shall be deemed to have been explicitly negotiated between, and mutually drafted by, the Parties, and the language in all parts of this Agreement shall, in all cases, be construed according to its fair meaning and not strictly for or against either Party.

**18. ALL TERMS AND CONDITIONS**

This Agreement merges and supersedes all prior negotiations, representations and agreements between the Parties related to the subject matter hereof, contains all the terms and conditions agreed upon by the Parties, and constitutes the entire agreement between the Parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind the Parties hereto.

**19. CONTACT PERSONS; NOTICE**

- 19.1 The County and the City shall designate a contact person for purposes of sending inquiries and notices regarding the execution and fulfillment of this Agreement. Each Party agrees to advise the other Party in writing with updates to its contact information as needed. The initial contact persons for each Party are as follows:

	<b>City of Seattle</b>
Contact Name	Candida Lorenzana
Department	Seattle Department of Transportation –
Title	Transit & Mobility Division Director
Address	PO Box 34996 Seattle WA 98124-4996
Telephone	206-755-4033
E-Mail	Candida <a href="mailto:Lorenzana@Seattle.gov">Lorenzana@Seattle.gov</a>

	<b>King County</b>
Contact Name	Bill Bryant
Department	Metro Transit
Title	Manager, Service Development,
Address	201 S. Jackson St. KSC-TR-0426, Seattle, WA 98104
Telephone	206-477-6456
E-Mail	<a href="mailto:Bill.Bryant@KingCounty.gov">Bill.Bryant@KingCounty.gov</a>

- 19.1 Notice. All notices, demands, approvals, and other communications provided for in this Agreement shall be in writing and shall be effective (1) upon receipt when personally delivered to the recipient at the recipient's address set forth above; (2) when received by United States mail, postage prepaid, by registered or certified mail, return receipt requested, addressed to the recipient as set forth above, or when such receipt is rejected; (3) one (1) business day after deposit with a recognized overnight courier or delivery service; or (4) when electronically transmitted (including email or facsimile). If the date on which any notice to be given hereunder falls on a Saturday, Sunday or federal or state legal holiday, then such date shall automatically be extended to the next business day immediately following such Saturday, Sunday or legal holiday.

## **20. EXECUTION OF AGREEMENT – COUNTERPARTS**

This Agreement may be executed in two (2) counterparts, either of which shall be regarded for all purposes as an original. This Agreement may also be executed and delivered in counterparts as a PDF file delivered by email, or as a facsimile copy, and each counterpart so executed and delivered is original, and such counterparts together shall constitute but one and the same instrument. It shall not be necessary that the signature of, or on behalf of, each Party, or that the signature of all persons required to bind any Party, appear on each counterpart. It shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each Party hereto. Any executed signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter may be attached to another counterpart identical thereto except having attached to it such additional executed signature pages.

## **21. EFFECTIVE DATE**

This Agreement shall take effect on the date it is executed by the later of the two Parties to sign.



**KING COUNTY**

By:

---

Title:

---

Date:

---

**CITY OF SEATTLE**

By:

---

Title:

---

Date:

---

## Exhibit A-1

### Service Description and Annualized Hours for September 2020 Service Change

Route	Service Description	Peak Hours	Off Peak Hours	Annual Hours	Fleet Type
<b>TOTAL STBD SERVICE INVESTMENT</b>					
1	Reduction	2,249	5,807	8,056	40' Trolley
2	Reduction	0	2,152	2,152	40' Trolley
3	Reduction	0	1,434	1,434	40' Trolley
4	Reduction	0	0	0	40' Trolley
5	Reduction	0	1,505	1,505	60' Hybrid
7	Reduction	1,259	4,353	5,612	60' Trolley
8	Reduction	0	1,312	1,312	60' Hybrid
10	Reduction	0	8,073	8,073	40' Trolley
11	Reduction	1,642	3,213	4,855	60' Hybrid
12	Reduction	260	1,556	1,816	40' Trolley
13	Reduction	0	0	0	40' Trolley
14	Reduction	1,461	2,143	3,604	40' Trolley
17	Reduction	0	0	0	60' Hybrid
18	Reduction	0	0	0	60' Hybrid
19	Reduction	0	0	0	60' Hybrid
21	Reduction	0	0	0	60' Hybrid
24	Reduction	107	609	716	60' Hybrid
26	Reduction	0	0	0	60' Hybrid
27	Reduction	0	0	0	60' Hybrid
28	Reduction	0	0	0	60' Hybrid
31	Reduction	0	0	0	60' Hybrid
32	Reduction	0	0	0	60' Hybrid
33	Reduction	46	1,387	1,433	60' Hybrid
36	Reduction	0	742	742	40' Trolley
40	Reduction	231	16,552	16,783	60' Hybrid
41	Reduction	0	13,606	13,606	60' Hybrid
43	Reduction	0	2,595	2,595	60' Trolley
44	Reduction	1,212	2,866	4,078	60' Trolley
45	Reduction	0	0	0	60' Hybrid
47	Reduction	0	0	0	40' Trolley
48	Reduction	0	4,023	4,023	60' Hybrid

49	Reduction	1,234	157	1,391	60' Hybrid
50	Reduction	0	7,084	7,084	40' Hybrid
55	Reduction	0	0	0	60' Hybrid
56	Reduction	395	484	879	60' Hybrid
57	Reduction	0	0	0	60' Hybrid
60	Reduction	240	4,717	4,957	40' Hybrid
62	Reduction	0	160	160	60' Hybrid
65	Reduction	0	320	320	60' Hybrid
67	Reduction	0	0	0	60' Hybrid
70	Reduction	0	1,412	1,412	60' Trolley
73	Reduction	0	0	0	40' Hybrid
76	Reduction	0	0	0	60' Hybrid
106	Reduction	47	4,358	4,405	40' Hybrid
107	Reduction	0	485	485	60' Hybrid
120	Reduction	4,186	15,444	19,631	60' Hybrid
124	Reduction	0	61	61	60' Hybrid
125	Reduction	103	0	103	40' Hybrid
345	Reduction	0	375	375	40' Hybrid
372	Reduction	0	0	0	60' Hybrid
373	Reduction	102	317	419	60' Hybrid
673	Reduction	18,888	24,190	43,078	60' Hybrid
674	Reduction	0	0	0	60' Hybrid
675	Reduction	2,635	7,660	10,295	60' Hybrid
RUW	Reduction	2,042	4,422	6,464	Various
<i>TOTAL</i>		<i>38,340</i>	<i>145,574</i>	<i>183,914</i>	

## Exhibit A-2

### Service Description and Annualized Hours for Pilot Service 2020

Route	Regional Partnership	Service Description	Peak Hours	Off Peak Hours	Annual Hours	Fleet Type	Supplantation
<b>ADDED SERVICE</b>							
n/a	Special funding arrangement with City	Via to Transit (Pilot)	-	-	70,325	Via to Transit Vehicle	Ineligible

## Exhibit B-1 Service Costs & Revenue

This appendix will be updated annually to reflect the rates resulting from the Budget Process, as defined in Section 5.5, which will be used for invoicing throughout the operating year.

### 2021 Fixed Route Bus Service:

<b><u>2021 Operating Expense</u></b>	<b>Jan-March 2021 (Old Contract)</b>	<b>April to December 2021 (New Contract)</b>	<b>Total 2021</b>
Estimated Number of Service Hours	52,500	127,500	180,000
Total Operating Expense	\$9,709,071	\$23,579,172	\$33,288,243
Budget CAM Operating Cost per Hour	\$184.93	\$184.93	\$184.93
<b><u>2021 Farebox Revenue</u></b>	<b>Jan-March 2021 (Old Contract)</b>	<b>April to December 2021 (New Contract)</b>	<b>Total 2021</b>
Budget Farebox Recovery %	11.8%	11.8%	11.8%
Farebox Revenue Credit	(\$1,145,670)	(\$2,782,342)	(\$3,928,013)

<b>2021 Fleet Costs</b>	<b>Full Cost of Bus</b>	<b>Financing Period (Years)</b>	<b>Annual Cost per Bus</b>	<b>Peak Service Est.</b>	<b># of Buses Required</b>	<b>Total 2021 Fleet Cost</b>
40' Hybrid	\$983,557	12	\$81,963	1,837	1.8	\$150,534
40' Trolley	\$1,429,058	15	\$95,271	3,647	3.6	\$347,416
60' Hybrid	\$1,267,259	12	\$105,605	32,975	33.0	\$3,482,351
60' Trolley	\$1,841,262	15	\$122,751	6,136	6.1	\$753,139
<b>Total</b>				<b>44,594</b>	<b>44.6</b>	<b>\$4,733,439</b>

<b>2021 Total Fixed Route Service</b>	<b>Jan-March 2021 (Old Contract)</b>	<b>April to December 2021 (New Contract)</b>	<b>Total 2021</b>
Operating Expense	\$9,709,071	\$23,579,172	\$33,288,243
Farebox Revenue Credit	(\$1,145,670)	(\$2,782,342)	(\$3,928,013)
Fleet Costs	\$1,380,587	\$3,352,853	\$4,733,439
<b>Total Reimbursement</b>	<b>\$9,943,987</b>	<b>\$24,149,683</b>	<b>\$34,093,670</b>

### 2021 Flexible Services & Other Service:

TBD



## **SUMMARY and FISCAL NOTE\***

<b>Department:</b>	<b>Dept. Contact/Phone:</b>	<b>CBO Contact/Phone:</b>
SDOT	Bill LaBorde 206.484.8662	Christie Parker 206.684.5211

*\* 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**

**Legislation Title:** AN ORDINANCE authorizing the Director of the Seattle Department of Transportation to execute a Transit Service Funding Agreement with King County Metro Transit in order to implement Proposition 1 as approved by Seattle voters in the 2020 General Election; and ratifying and confirming certain prior acts.

**Summary and background of the Legislation:** The legislation authorizes an agreement with King County to purchase transit service from Metro Transit. Contract costs would be paid primarily by sales and use tax revenues authorized by Seattle Proposition 1 in November 2020 and imposed by the Seattle City Council in December 2020 via Ordinance 126250; the tax is effective on April 1, 2021 and revenues will be collected through March 31, 2027.

### **2. CAPITAL IMPROVEMENT PROGRAM**

**Does this legislation create, fund, or amend a CIP Project?** \_\_\_ Yes x No

### **3. SUMMARY OF FINANCIAL IMPLICATIONS**

**Does this legislation amend the Adopted Budget?** \_\_\_ Yes x No

**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?**

Yes, execution of the agreement with King County authorized by this legislation will require the City to pay an estimated \$238 million for transit service between 2021 and 2027, including service intended to meet emerging needs for West Seattle and post COVID-19 economic recovery. Additional information is in the appropriations notes section below.

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

The City would not be able to fulfill voter intent behind Proposition 1 for purchasing transit service without the predictability and protections afforded by the attached Transit Service Funding Agreement.

#### **3.a. Appropriations**

       **This legislation adds, changes, or deletes appropriations.**

### **Appropriations Notes:**

This legislation does not provide appropriations. Funds for the voter approved measure were appropriated through the 2021 Adopted Budget and will also be made in future budget actions.

Annual spending for transit service through this agreement is estimated as follows (dollars in millions):

2021	2022	2023	2024	2025	2026	2027	Total
\$22.8M	\$37.3M	\$37.0M	\$39.0M	\$36.0M	\$38.0M	\$28.5M	\$238.6M

Spending from this agreement will begin with Metro's spring 2021 service change, beginning March 20, and will continue at least through the first service change of 2027. The figures above do not include spending of reserves to ramp down the program. Contract costs could potentially be incurred through the end of 2027 to allow for reconciliation and contract closeout.

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

No

**d. Does this legislation affect a piece of property?**

No

**e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?**

People of color tend to rely on public transportation more than Seattle residents as a whole. For example, through the pandemic, routes like Metro Route 7 that serve the most racially diverse parts of Seattle have retained up to 75% of their pre-COVID levels of ridership while routes serving less diverse parts of the City are generating as little as 20% of pre-COVID ridership. This legislation facilitates significantly more all-day, night owl and weekend service than would be possible with County-funded service alone, including an equitably-based emphasis on addressing gaps in existing coverage.

**f. Climate Change Implications**

**1. Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**

4e.

Transportation is the largest source of greenhouse gas emissions generated in Seattle. While Seattle has been one of the fastest growing large US cities over the previous decade, denser development has largely allowed this growth to be served by transit, biking and walking rather than by personal vehicles. The agreement with King County will allow the City to continue to support the all-day Frequent Transit Network. This network has been a key part of allowing residents in areas with the most growth to live without a car, or at least with less day-to-day reliance on a car.

**2. Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**

The benefits are more directly tied to reducing per capita and overall GHG emissions with than with enhancing resiliency and adaptation.

**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).**

This legislation allows a new phase of the Seattle Transportation Benefit District transit program that began in early 2015. The goals of the program are established in Proposition 1 (Ordinance 126115), as passed by Seattle voters in November 2020.

February 11, 2021

## MEMORANDUM

**To:** Transportation and Utilities Committee  
**From:** Calvin Chow, Analyst  
**Subject:** Authorizing Legislation for Metro Transit Service Contract

---

On February 17, 2021, the Transportation and Utilities Committee will consider and possibly vote on Council Bill (CB) 119998.<sup>1</sup> This legislation would authorize the Seattle Department of Transportation (SDOT) to enter into a service agreement with King County Metro (Metro) to purchase additional transit service on Seattle bus routes. An agreement with Metro is necessary to implement the November 2020 Seattle Proposition 1, which authorized a 0.15 percent sales tax to fund transit service for six years (Ordinance [126115](#)). If CB 119998 is approved, Council would authorize the Executive to enter the agreement and would consider future funding levels and transit purchase decisions as part of annual budget deliberations.

### Background

With the passage of Seattle Proposition 1, Seattle voters authorized a continuation of transit funding from a 2014 transit funding measure<sup>2</sup> which expired at the end of 2020. Currently, SDOT purchases additional transit service from Metro under a 2015 service agreement (Ordinance [124720](#)), which will expire on June 30, 2021 (Ordinance [126251](#)). The proposed legislation would authorize a new service agreement through December 31, 2027 to cover the full term of Seattle Proposition 1.<sup>3</sup>

### Agreement Provisions

The proposed agreement maintains the key provisions and service terms of the previous 2015 service agreement. These provisions include:

- Consistency with City and County transit policy. Services under this agreement are to be consistent with the City's Transit Master Plan and Metro's Service Guidelines.
- No supplanting of transit service. Services funded under this agreement will be additive and will not supplant transit service that Metro would otherwise provide with County funding. Because Metro lacks the financial capacity to fully meet Metro's Service Guidelines, Seattle Proposition 1 funding would be used to support additional Seattle transit priorities.

---

<sup>1</sup> CB 119998 will be included on the February 16, 2021 Introduction and Referral Calendar and referred to the Transportation and Utilities Committee.

<sup>2</sup> The 2014 transit funding measure authorized a \$60 vehicle license fee and a 0.1 percent sales tax.

<sup>3</sup> Seattle Proposition 1 authorizes the collection of sales tax until April 1, 2027. The proposed December 31, 2027 term for the service agreement allows for the expenditure of any accumulated fund balance and to cover any transitional period if a subsequent transit funding proposition is put forward in the future.

- Credit for farebox revenue. The City will continue to receive a farebox credit proportional to Metro's systemwide farebox recovery.

The proposed agreement also updates and clarifies some of the terms of the previous contract. These changes include:

- Periodic review of financial performance. The agreement establishes a process to review Metro cost drivers that affect the delivery and cost of transit service.
- Acknowledging eligibility for any allocated federal funding to support transit operations as a result of COVID-19. Although this situation was not contemplated in the previous agreement, Metro directed a proportional allocation of the 2020 CARES Act funding towards reimbursing the City's transit purchases. The proposed agreement includes new language to cover this situation.
- Establishing a maximum allowable ramp-down of transit service per service change. The proposed agreement includes new language to limit the amount of transit service reduction for any given service change (including termination of the agreement) to a maximum of 100,000 service hours. This clause is intended to allow Metro time to adjust its workforce, facilities, and resources in response to a potential future loss of City funding. The previous agreement did not explicitly address this situation.
- Acknowledging that flexible transit services under contract with Metro (e.g., DART, Via, Ride2) may be purchased under this service agreement. The previous agreement did not explicitly address these services.
- Clarifying and updating administrative terms and procedures. The proposed agreement updates contract language to be consistent with City and Metro administrative practices that have developed over the term of the previous agreement.

The King County Council is scheduled to consider similar authorizing legislation for Metro at their Mobility and Environment Committee on February 24, 2021.

Please contact me if you have any questions or concerns regarding this legislation.

cc: Dan Eder, Interim Central Staff Director





# Seattle Transportation Benefit District (STBD)

## Transit Service Funding Agreement

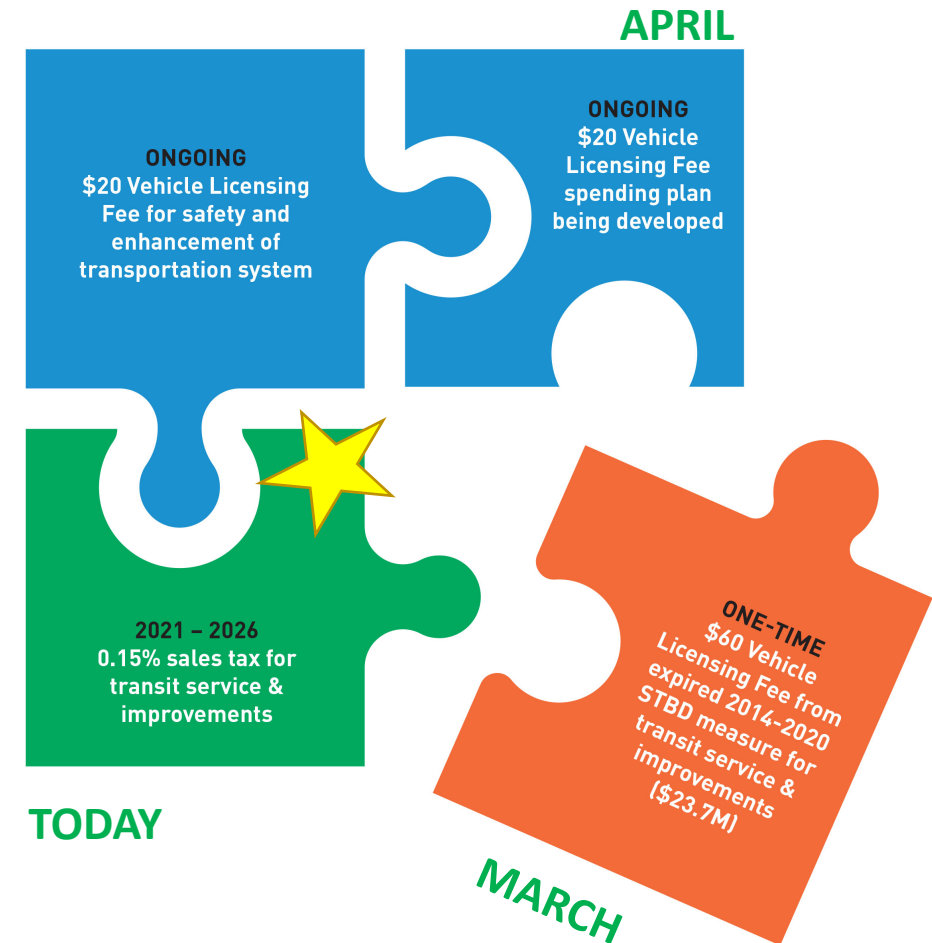
# Presentation overview

## Seattle Transportation Benefit District (STBD)

- Implementation timeline
- King County Metro/SDOT Transit Service Funding Agreement
- Proposition 1 spend plan for new 0.15% sales tax
- Next steps

# STBD Timeline

DATE	ACTION
Today	Council and Mayor approve ordinance authorizing Metro/SDOT Transit Service Funding Agreement
March	Standalone supplemental budget legislation for one-time \$60 VLF at TUC
March 20	Metro service change; Metro/SDOT Transit Service Funding Agreement in effect
April 1	New \$20 VLF proposed spending plan due to Council



# New Metro Transit Service Funding Agreement

## Principle terms

- In effect at Metro's spring 2021 service change (March 20)
- 6-year term through 2027 (allows for full ramp down and closeout)
- Annual reconciliation process ensures City pays only for service hours delivered
- Exhibits updated annually to reflect estimated costs and intended volume of service hours purchased by City for next year
- Ramp down provision allows no more than 100k hours cut per service change
- No supplantation (data sharing requirements; right to request audit)

# New Metro Transit Service Funding Agreement

## Cost elements



	STBD (2015- 2020)	New STBD (2021- 2026)	Description of changes in new agreement
<b>Cost increase trigger</b>	✗	✓	City/County will convene efforts to mitigate service impacts when costs or fare revenues increase enough to impact service volumes. Mitigation strategies could include interim service suspensions.
<b>Disclosure requirement</b>	✗	✓	County must notify City of any changes in policy or practice that could impact service levels
<b>Suspension of contract requirements</b>	✗	✓	Suggests parties mutually agree to suspension of contract provisions that could interfere with avoiding/minimizing service reductions
<b>Joint efforts to reduce cost escalation drivers</b>	✗	✓	Metro agrees, with City support, to alleviate drivers of cost escalation in non-emergency years
<b>Federal relief funding</b>	✗	✓	Calls for parties to agree to how to best apply federal relief funding proportionally to percentage of service purchased by City



# New Metro Transit Service Funding Agreement

## Twice per year service planning cycle



### MONTH 1

SDOT proposed service plan to Metro



### MONTH 2

Metro reviews proposal on vehicle, driver, layover and capacity, etc.



### MONTH 4

SDOT/Metro finalize plan, ensuring no supplantation



### MONTH 6

Metro implements plan, including schedules and driver selection



### MARCH/SEPTEMBER

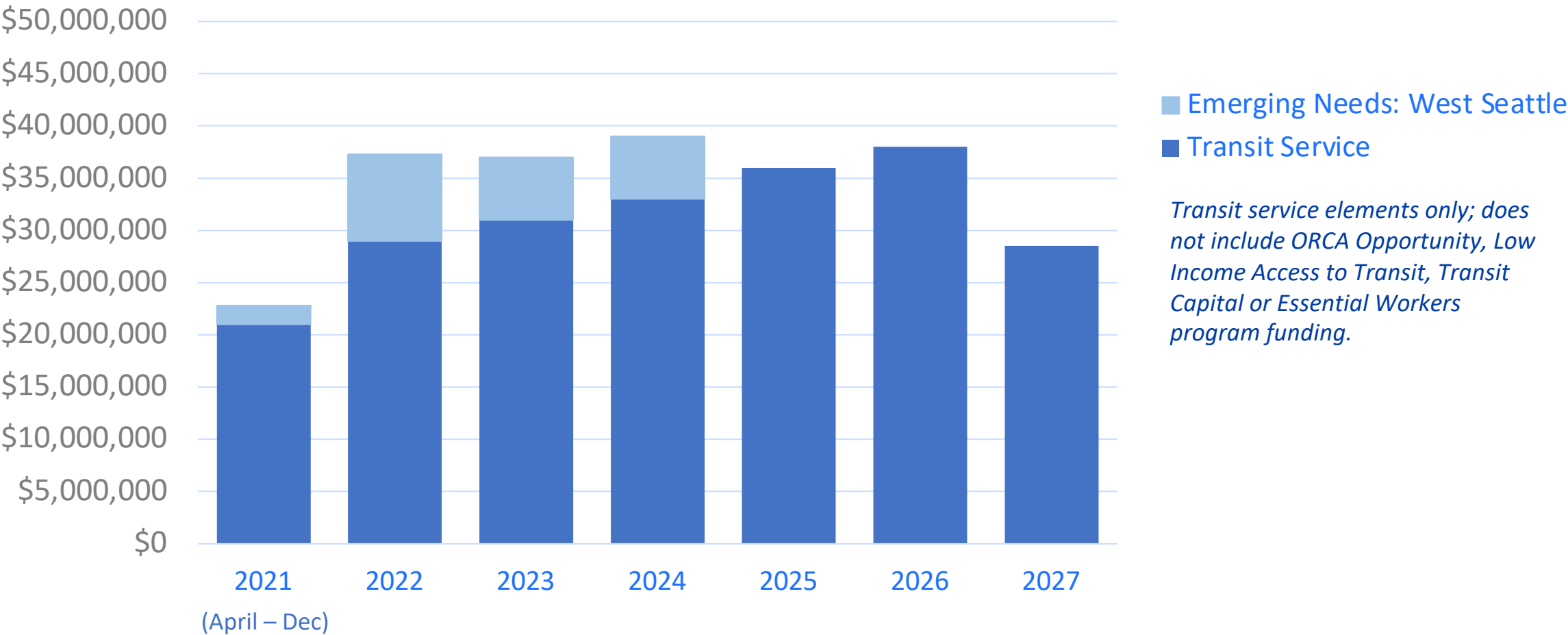
Metro service change

*Service purchases  
adjusted in advance of  
spring (March) and fall  
(September) service  
changes*



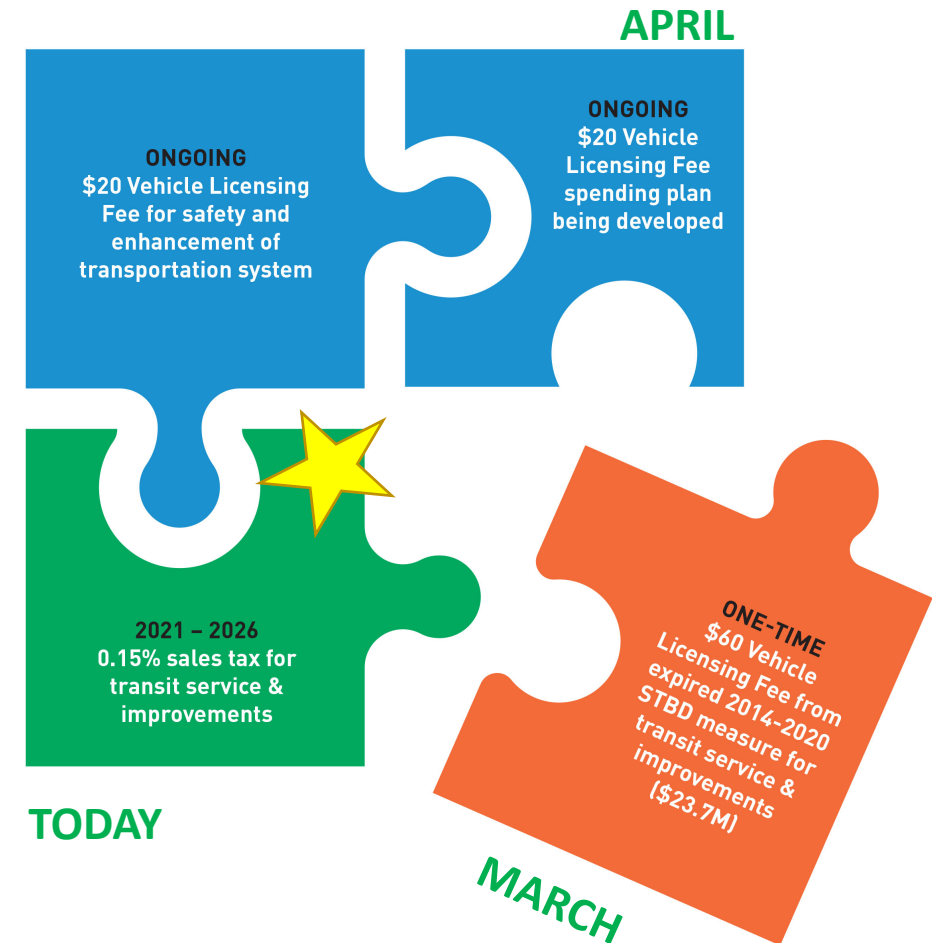


# Draft transit service spend plan - \$238.6M



# STBD Next Steps

DATE	ACTION
Today	Council and Mayor approve ordinance authorizing Metro/SDOT Transit Service Funding Agreement
March	Standalone supplemental budget legislation for one-time \$60 VLF at TUC
March 20	Metro service change; Metro/SDOT Transit Service Funding Agreement in effect
April 1	New \$20 VLF proposed spending plan due to Council



# Questions?

[www.seattle.gov/transit/about-seattle-transportation-benefit-district](http://www.seattle.gov/transit/about-seattle-transportation-benefit-district)

Bill.LaBorde@seattle.gov | (206) 684-0102

[www.seattle.gov/transportation](http://www.seattle.gov/transportation)

