



## Transportation & Public Works Meeting Agenda

May 20, 2021; 4:30 – 6:00 PM  
“Virtual Meeting”

**Due to the current COVID-19 public health emergency, this meeting will be conducted virtually. The meeting will be live streamed on SeaTV Government Access Comcast Channel 21 and the City’s website <https://www.seatacwa.gov/seatvlive> and click play. The public may also listen to the meeting by calling 206.973.4555 and muting your phone.**

Councilmembers:  
Peter Kwon, Chair  
Pam Fernald  
Takele Gobena

**Note: A quorum of the Council may be present**

Staff Coordinators: Will Appleton, Public Works Director; Florendo Cabudol, City Engineer;

Other Staff participating:

TIME	TOPIC	PROCESS	WHO	TIME
1	Call to order		Chair	
2	<p><b>PUBLIC COMMENTS:</b> In an effort to adhere to the social distancing protocols, and in order to keep our residents, Council, and staff healthy, the Committee will not hear any in-person public comments. The committee is providing remote oral and written public comment opportunities. All comments shall be respectful in tone and content. Signing-up for remote comments or providing written comments must be done by <u>2:00PM</u> the day of the meeting. Any requests to speak or provide written public comments which are not submitted following the instructions provided or by the deadline will not be included as part of the record.</p> <ul style="list-style-type: none"> <li>Instructions for providing remote oral public comments are located at the following link: <a href="#">Council Committee and Citizen Advisory Committee Virtual Meetings</a>.</li> </ul>		Chair	5

	<ul style="list-style-type: none"> <li>Submit email/text public comments to <a href="mailto:TPWPublicComment@seatacwa.gov">TPWPublicComment@seatacwa.gov</a>. The comment will be mentioned by name and subject and then placed in the committee handout packet posted to the website.</li> </ul>			
3	Prior Minutes Approval	May 6 minutes to approve	Chair	5
4	Design contract amendment for SWMCIP 11 South 221 <sup>st</sup> Drainage Improvements	Action	Florendo Cabudol	10
5	Request placement on May 25 Consent Agenda for Mot to authorize contract with Parametrix for On-Call Land Surveying Services	Action	Florendo Cabudol	10
6	Water and Sewer Franchise Fees	Discussion/Recommendation	Will Appleton	50
7	<u>Future Meeting Topics:</u> Sound Transit Parking Tax; Tukwila Int'l Blvd Reconfiguration; Metro A-Line Business Access Transit (BAT) Lanes Pilot Project			5
8	Adjourn	Adjourn Meeting	Chair	



# Transportation & Public Works Committee Meeting Minutes

Approve Prior  
Meeting Minutes

5:30 PM – 6:30 PM  
\*\* Virtual Meeting \*\*

Members:	Present:	Absent:	Commence: 5:36 PM Adjourn: 6:27 PM
Peter Kwon, Chair	X		
Pam Fernald	X		
Takele Gobena		X	

Other Councilmembers participating: Stanley Tombs, Mayor Erin Sitterley, Clyde Hill

Staff Coordinators: Will Appleton, Public Works Director; Florendo Cabudol, City Engineer

Other Staff Participating: David Tomporowski

Public Comment	No public comment
1. Approve Prior Meeting's Minutes	A copy of the 04/01/2021 minutes was provided to the committee for review. The committee approved the minutes as presented.
2. Military Road South 5-Way Intersection Public Open House Review	<p>Informational Only</p> <p>Senior Planner David Tomporowski addressed the committee to provide information on the upcoming online Open House Military Road South Five-Way Intersection Study. The Open House is scheduled to go live on June 2, 2021 and will be available until June 23, 2021.</p> <p>This intersection is located in the northeast part of the city at Military Road South, South 164<sup>th</sup> and 42<sup>nd</sup> Avenue South. The purpose of the study is to determine the most efficient and effective long-term configuration to accommodate all modes of travel through the five-legged intersection.</p> <p>A slide show was presented with three different alternatives for a redesigned and rebuilt intersection. The intersection currently has safety issues and operates at capacity during peak periods. Future development is planned in the adjacent intersection area, which will increase pressure on the intersection.</p> <p style="text-align: right; color: blue; font-weight: bold; margin-top: 20px;">Approve Prior Meeting Minutes</p>

City staff will be seeking the public's feedback on the different alternatives via the online open house. Postcards advertising the open house will be mailed to residents and businesses within a quarter mile of the intersection ahead of June 2<sup>nd</sup>. The City will publicize the open house via it's various channels.

A final report and selection of a preferred intersection design is planned for the Summer of 2021.

**Approve Prior Meeting Minutes**

3. Adjourn

Adjourn Meeting

**Approve Prior Meeting Minutes**



## MEMORANDUM

To: Transportation and Public Works Committee  
Through: William Appleton, Public Works Director  
From: Florendo Cabudol, City Engineer  
Date: May 20, 2021  
Subject: 34th Avenue South (Public Works Capital Improvement Project ST-015) Design Services Contract Amendment

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### **Purpose:**

Staff is seeking the Committee's recommendation to place the proposed amendment to the professional services agreement with PACE Engineers for design of the South 221<sup>st</sup> Street Drainage Improvements project (SWMCI-11), on the Consent Agenda for May 25<sup>th</sup> Regular Council Meeting (RCM).

### **Background:**

The City executed a professional services contract with PACE Engineers on July 30, 2019, for the design of the South 221st Street Drainage Improvements project (SWMCI-11), in the amount of \$83,672 (Agenda Bill #5235). This contract was subsequently amended on December 9, 2020, to extend the contract expiration date to December 31, 2021. There was no cost associated with this contract extension. A second amendment is being requested for the following reasons:

- Washington State Department of Transportation (WSDOT) coordination and permitting efforts were substantially greater than anticipated in original scope and fee. WSDOT is involved because the new infrastructure will discharge into the I-5 drainage system.
- Additional potholing required due to the selected flow path of the new conveyance system.
- Redesign due to conflict with Puget Sound Energy infrastructure being built as part of SR 509.
- Redesign due to conflicts with designed infrastructure within the SR 509 right-of-way.
- Project management will be required for a longer design period than originally scheduled.
- Additional support is needed for the construction bidding process.

This amendment will provide additional funding in the amount of \$6,982 to complete the design and bidding phase of the project. Approval of the amendment will increase the total contract amount from \$83,672 to a total not to exceed amount of \$90,654. Design costs are less than 15% of the estimated construction cost, which is in line with industry standards for projects of similar

scope and complexity. No amendment to the 2021-2022 Biennial Budget is required for this action.

**Options/Recommendation:**

Staff recommends placing the approval of this supplement on the Consent Agenda for the May 25, 2021 RCM.

**PUBLIC WORKS CONSULTANT CONTRACT – AMENDMENT NO. 2  
BETWEEN**

City of SeaTac	AND	PACE Engineers, Inc.
4800 South 188 <sup>th</sup> Street		11255 Kirkland Way
SeaTac, WA 98188		Kirkland, WA 98033

=====

PROJECT: S 221<sup>st</sup> Street Drainage Improvements  
Project #: SWMCIP #11

=====

AMENDMENT OF CONSULTANT CONTRACT

Pursuant to Section 16 of the Consultant Contract between the City of SeaTac (City) and PACE Engineers, Inc (Consultant), the City and the Consultant hereby amend:

Section 2 (under the subheading “SCOPE OF SERVICES.”) as follows:

The Consultant shall also be responsible for completion of the scope of services detailed in Attachment A to this Amendment.

Section 5 (under the subheading “COMPENSATION AND REIMBURSEMENT OF EXPENSES”) as follows:

The parties agree that compensation shall be increased in an amount not to exceed \$90,654.00 and include additional services not to exceed \$6,982.00, as detailed in Attachment B to this Amendment.

All other terms of the Consultant Agreement shall remain in effect and unchanged.

IN APPROVAL, authorized representatives of the Parties to this Contract have signed below. This Amendment shall become effective on the date of the last signature made.

CITY OF SEATAC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

PACE ENGINEERS, INC.

By: Robin Nelson, P.E.

Name: ROBIN NELSON, P.E.

Title: VICE PRESIDENT

Date: 5/11/21

APPROVED AS TO FORM:

\_\_\_\_\_  
Mary E. Mirante-Bartolo, City Attorney

# City of SeaTac S 221<sup>st</sup> Drainage Project

Scope of Work for Bid Assistance  
By  
PACE Engineers, Inc.

## **BACKGROUND INFORMATION**

### Description of Bid Assistance Services

As designed, the City of City of SeaTac's S 221<sup>st</sup> Drainage Project will install approximately 750 linear feet of new stormwater piping, a new detention system, multiple drainage structures and other appurtenances. PACE Engineers is the Engineer of Record for the project and has prepared the contract bid documents. PACE Engineers will provide bid assistance services for the City throughout the bidding process of this project per this scope.

### Overview of Scope of Work

Our suggested scope of services is shown below, including the major deliverables and any pertinent assumptions. We have also prepared a budget estimate of \$6,982.00. Our budget is based on billing rates previously provided and approved in the design contract.

PACE will be responsible for responding to any Request for Information (RFI) from prospective contractors received during bidding, preparing any necessary addendums, attending the virtual bid opening, preparing the certified bid tabulation, reviewing the contractor's references, and preparing the recommendation for award letter.

### Budget Estimate

All work will be billed on a time and material basis and completed under an estimated Project Budget of not to exceed **\$6,982.00**. PACE will provide regular monthly progress reports with each invoice.

### Deliverables

- RFI Responses as Necessary
- Addendums to the Bidding Documents as Necessary
- Certified Bid Tabulation
- Recommendation for Award Letter



Assumptions

- Up to 5 (five) RFI Responses are Included in this Scope of Work
- Up to 3 (three) Addendums to the Bid Documents are Including in the Scope of Work

Any work associated with additional RFI responses or bid document addendums will be billed on a time and materials basis at the previously approved rates.



# MEMORANDUM

To: Transportation and Public Works Committee  
Through: William Appleton, Public Works Director  
From: Florendo Cabudol, City Engineer  
Date: May 20, 2021  
Subject: 2021-2022 On-Call Land Surveying Services Contract Award

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## **Purpose:**

The purpose of this presentation is to seek Committee recommendation to place on the Consent Agenda for the May 25<sup>th</sup> Regular Council Meeting (RCM) this Motion that authorizes the City Manager to execute a professional services contract with the Parametrix for On-Call Land Surveying services for 2021-2022.

## **Background:**

The Public Works Department solicited consultants to provide, on an as-needed basis, land surveying services. A Request for Qualifications (RFQ) was issued on February 25, 2021 to consultants listed on the Municipal Research Services Center Consultant Roster. Statements of Qualifications (SOQ) were received from seven firms on March 17, 2021. The SOQs were scored and consultants were interviewed based on the following criteria: Organization of the project team, Project understanding, Project approach and Task Order Management, and the firm's Quality Assurance/Quality Control Processes. After completing the evaluation and scoring process, Parametrix was selected as the most qualified consultant for this work.

The attached contract details the terms of the agreement and fee schedule for the services. Since this is an On-Call contract, the actual scope of work and fee will vary based on the nature of the work requested. The contract includes a not to exceed cost provision in any one year of \$40,000 unless authorized in writing and a total not to exceed amount of \$80,000 over the term of the contract. The duration of the contract is from date of execution to December 31, 2022.

## **Options/Recommendation:**

Staff is seeking Committee recommendation to place on the Consent Agenda for the May 25, 2021 RCM a Motion to authorize execution of the contract. The Committee may choose not to recommend passing the Motion and engage with staff on how to proceed differently.

**PUBLIC WORKS CONSULTANT CONTRACT  
BETWEEN**

City of SeaTac  
4800 South 188<sup>th</sup> Street  
SeaTac, WA 98188

AND

Parametrix  
1019 39th Avenue SE, Suite 100  
Puyallup, WA 98374

=====  
PROJECT: 2021-2022 On-Call Land Surveying Services  
Project #: N/A  
=====

THIS CONTRACT, is made and entered into effective on the date upon which the last party to sign this Contract so signs the Contract, by and between the City of SeaTac, a municipal corporation of the State of Washington, hereinafter referred to as the "City", and Transpo Group USA Inc., hereinafter referred to as the "Consultant", on the following terms and conditions in conjunction with the project indicated above.

The performance of the professional services described here, as well as payment for such services, shall be on the terms and conditions presented in this Contract and the following Sections which are attached and incorporated by reference which, taken together, shall constitute the whole Contract.

- |   |                                    |
|---|------------------------------------|
| #1 Employment                               | #9 Indemnification                 |
| #2 Scope of Services                        | #10 Insurance Requirements         |
| #3 Time for Beginning & Completion          | #11 Restriction Against Assignment |
| #4 Professional Standards                   | #12 Continuation of Performance    |
| #5 Compensation & Reimbursement of Expenses | #13 Termination of Contract        |
| #6 Records Inspection & Audit               | #14 Contract Administration        |
| #7 Ownership of Documents                   | #15 Construction & Venue           |
| #8 Equal Employment Opportunity             | #16 Merger & Amendment             |

IN APPROVAL, authorized representatives of the Parties to this Contract have signed below. This Contract shall become effective on the date of the last signature made.

CITY OF SEATAC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

PARAMETRIX

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Mary E. Mirante-Bartolo, City Attorney

1. EMPLOYMENT. The City hereby agrees to retain and employ the Consultant, as an independent contractor, and the Consultant hereby agrees to serve the City pursuant to this Contract.
2. SCOPE OF SERVICES. The Consultant shall be responsible for completion of the scope of services detailed in subsequent task orders. The template for these task orders is shown in Exhibit A to this Contract.
3. TIME FOR BEGINNING AND COMPLETION. The Consultant shall not begin work under this Contract until authorized to do so in writing by the City. All work shall be completed by December 31, 2022. A contract amendment is required to extend the established completion date.
4. PROFESSIONAL STANDARDS. The Consultant shall be responsible, to the level of competency presently maintained by other practicing professionals in the same type of work in this community, for the professional and technical soundness, accuracy, and adequacy of all designs, drawings, specifications, plans, programs, and other work and materials furnished under this Contract.
5. COMPENSATION AND REIMBURSEMENT OF EXPENSES. The City shall pay to the Consultant compensation and expenses as defined per each task order and will be billed on a time-and-materials basis per the rates provided by Exhibit B to this Contract. Consultant will only be paid for actual services rendered. The compensation paid for this Contract shall not exceed \$40,000 in any calendar year unless expressly approved in writing. The total compensation paid for this Contract shall not exceed \$80,000. A contract amendment is required to increase the total compensation amount.
6. RECORDS INSPECTION AND AUDIT. All compensation payments shall be subject to adjustments for any amounts found upon audit or otherwise to have been improperly invoiced, and all records and books of account pertaining to any work performed under this Contract shall be subject to inspection and audit by the City for a period of up to three (3) years from final payment of work performed under this Contract.
7. OWNERSHIP OF DOCUMENTS. All plans, programs, specifications, designs, reports, records and other documents produced during or as a result of services rendered pursuant to this Contract shall be the property of the City and shall not be property of the Consultant. Any reuse of such documents on or for any project other than that covered under this Contract shall be without liability or legal exposure to the Consultant.
8. COMPLIANCE WITH LAWS. The Contractor agrees to comply with all federal, state, and municipal laws, rules, and regulations that are now effective or in the future become applicable to Contractor's business, equipment, and personnel engaged in operations covered by this Agreement or accruing out of the

performance of those operations. Contractor shall also obtain and/or maintain a City business license throughout the duration of this Agreement.

9. EQUAL EMPLOYMENT OPPORTUNITY. The Consultant shall strictly abide by all local, state and federal equal employment opportunity laws and policies relating to the establishment of non-discriminatory requirement in hiring and employment practices, and assuring the service of all clients, customers or involved members of the public without discrimination.
10. INDEMNIFICATION. Consultant shall defend, indemnify and hold harmless the City, its officers, officials, employees, directors, agents and volunteers from any and all claims, injuries, damages, losses or suits, including all legal costs and attorney fees, to the extent caused by the Consultant's negligent performance of this Agreement, except for injuries and damages caused by the City's sole negligence. The City's inspection or acceptance of any of Consultant's work when completed shall not be grounds to avoid any of these covenants of indemnification. The provisions of this section shall survive the expiration or termination of this Agreement. The duty to defend as required above shall mean Consultant will reimburse Client for its reasonable defense costs based on principles of comparative fault.

Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Consultant and the City, its officers, officials, employees, agents and volunteers, the Consultant's liability hereunder shall be only to the extent of the Consultant's negligence.

IT IS FURTHER SPECIFICALLY AND EXPRESSLY UNDERSTOOD THAT THE INDEMNIFICATION PROVIDED HEREIN CONSTITUTES THE CONSULTANT'S WAIVER OF IMMUNITY UNDER INDUSTRIAL INSURANCE, TITLE 51 RCW, SOLELY FOR THE PURPOSES OF THIS INDEMNIFICATION. THE PARTIES FURTHER ACKNOWLEDGE THAT THEY HAVE MUTUALLY NEGOTIATED THIS WAIVER.

The provisions of this section shall survive the expiration or termination of this Agreement.

11. INSURANCE REQUIREMENTS. The Consultant shall procure and maintain insurance as outlined below for the duration of this Agreement. Any Commercial General Liability and Automobile Liability insurance policies obtained shall be underwritten by insurance companies which have an A.M. Best's rating of A VII or better, licensed to do business in the State of Washington. Liability insurance policies shall specifically name the City, its elected or appointed officials, officers,

employees and volunteers as Primary-Non-Contributory Additional Insureds of said policies.

The Consultant shall not begin work under the Agreement until all required insurance has been obtained and until such insurances have been received by the City. The Consultant shall file with the City a certificate of insurance evidencing that the policies are in force. The certificate shall be accompanied by policy endorsements as are necessary to comply with these requirements.

The types and limits insurance are as follows:

COMMERCIAL GENERAL LIABILITY-Comprehensive Form

\$1,000,000 per occurrence liability /\$2,000,000 annual aggregate.

Coverage to include Premise and Operations Liability

Blanket Contractual

OCP for subcontractor's liability

Product and Completed Operations Liability

Stop Gap Liability-\$1,000,000/\$1,000,000/\$1,000,000

Primary-Non Contributory Additional Insured coverage for the City et.al.

AUTOMOBILE LIABILITY

\$2,000,000 per accident bodily injury and property damage liability, including any owned, hired or non-owned automobile.

PROFESSIONAL LIABILITY

Minimum of \$1,000,000 limits

WORKER'S COMPENSATION

Employees of Contractor and Subcontractors are to be insured under Washington State Industrial Insurance.

The General Aggregate provision of the Contractor's insurance policies shall be amended to show that the General Aggregate Limit of the policies applies separately to this contract.

Failure of the Consultant to fully comply with the requirements regarding insurance will be considered a material breach of contract and shall be cause for immediate termination of the contract.

12. RESTRICTION AGAINST ASSIGNMENT. Consultant shall not assign this Contract or any interest herein, nor any money due or to become due hereunder without first obtaining the written consent of the City, nor shall the Consultant subcontract any part of the consulting services to be performed hereunder, without first obtaining the consent of the City.

13. CONTINUATION OF PERFORMANCE. In the event that any dispute or conflict arises between the parties regarding any of the performance of the Consultant and/or providing the required deliverables defined in the Scope of Services while this Contract is in effect, the Consultant agrees that, notwithstanding such dispute or conflict, the Consultant shall continue to make a good faith effort to cooperate and continue work toward successful completion of assigned duties and responsibilities. If any dispute or conflict arises that is not either of the above performance or product issues, the Consultant may elect to stop work until the dispute or conflict is resolved.
14. TERMINATION OF CONTRACT. Performance of the consulting services under this Contract may be terminated for any cause deemed sufficient by either the City or the Consultant, in whole or in part, at any time, by either party giving the other written notice of such termination, specifying the extent and effective date thereof, by not sooner than thirty (30) days from date of such notice, providing that the Consultant shall complete and be compensated for any projects or duties previously assigned and accepted, and shall be compensated for all expenses incurred or committed to, that cannot be canceled.
15. CONTRACT ADMINISTRATION. This Contract shall be administered by Patrick Lynch on behalf of the Consultant and by the City Engineer on behalf of the City. Any written notices required by terms of this Contract shall be served or mailed as follows:
- |   |   |
|---|---|
| <p><u>If to the City:</u></p> <p>Floendo Cabudol, PE<br/> City Engineer<br/> City of SeaTac<br/> 4800 South 188<sup>th</sup> Street<br/> SeaTac, WA 98188</p> | <p><u>If to the Consultant:</u></p> <p>Jared Kemnitz, PLS<br/> Survey Manager<br/> Parametrix<br/> 1019 39th Avenue SE, Suite 100<br/> Puyallup, WA 98374</p> |
|---|---|
16. CONSTRUCTION AND VENUE. This Contract shall be construed in accordance with laws of this State of Washington. In the event of any litigation regarding the construction or effect of this Contract, or the rights of the parties pursuant to this Contract, it is agreed that venue shall be King County Superior Court, Washington.
17. MERGER AND AMENDMENT. This Contract contains the entire understanding of the parties with respect to the matters set forth herein and any prior or contemporaneous understandings are merged herein. This Contract shall not be modified except by written instrument executed by all parties hereto.

# EXHIBT A

## City of SeaTac

### On-Call Survey Services

#### Task Request 00

Date: _____	City Staff Contact: _____
Project Name: _____	Phone: _____
Parametrix Project No.: _____	Email: _____
Project Manager: _____	
Parametrix Phone: _____	

#### Scope of Services

#### Budget Estimate:

#### Schedule:

#### Task Request Approval:

	Written Name		Title
	Signature		Date



**Exhibit B**

**City of SeaTac**

**PARAMETRIX BILLING RATE SCHEDULE  
May 2021 – December 2022**

<b><u>Classification</u></b>	<b><u>Hourly Billing Rate</u></b>
Survey Supervisor	\$205
Senior Surveyor	\$185
Project Surveyor	\$146
Project Controls Specialist	\$120
Project Accountant	\$110
CADD Technical Lead	\$132
Surveyor I	\$85
Surveyor II	\$103
Surveyor III	\$131
UAV Pilot	\$131

Direct project expenses are billed at cost plus 15%.

Mileage expense is billed at current approved IRS mileage rate.

Survey equipment billed at \$155/day.

\*\*Amendments for date extensions will also include Consultant revised staff rates request.



# MEMORANDUM

To: Transportation and Public Works Committee  
From: William Appleton, Public Works Director  
Date: 5/20/21  
Subject: Franchise Fees

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## **Purpose:**

In preparation for upcoming negotiations on both water and sewer franchise agreements, a detailed discussion on the franchise fee element of these agreements will be presented to Committee. The purpose of this presentation is to be sure that the Committee is well informed about this element of the agreement as it is both a potential source of revenue to offset impacts to our ROW and a cost increase to our rate payers.

## **Background:**

A franchise agreement is a contract between the city and a public or private utility provider who needs/utilizes the public rights-of-way (ROW) to deliver their services. The ROW within our city provide the backbone for our transportation network and are critical corridors used for the placement and operation of utilities that are vital to our community. No state statutes require cities to enter into contracts with utility providers who install their facilities within the ROW, but having well-crafted franchise agreements in place avoids confusion, disagreements and litigation. From the City's perspective, franchise agreements provide clarity and consistency on how utilities operate within the ROW.

Water and sewer pipes, natural gas distribution systems, fiber optic cables, electrical cables, and wireless phone systems are examples of utilities that rely on public ROW for conveying their services to businesses and residents. The installation, maintenance and operation of utility infrastructure within the ROW impacts the City's infrastructure and incorporating Franchise Fees (when allowed) into Franchise agreements provides funding to help mitigate these impacts. It is important to note that the costs of franchise fees are passed directly on to the rate payers as an additional charge on their utility bill.

The City, as the steward of the public ROW, has a keen interest in ensuring that all the systems and uses located within the ROW function to serve the interest of our public and that the public is fairly compensated for use of the ROW by those utilities that generate revenue from the services that they provide by way of the ROW. The ROW is an extremely valuable public resource and proper use and administration helps to ensure that our community benefits appropriately and that the ROW remains a valuable asset.

**Options/Recommendations:**

Staff are seeking a recommendation on the following:

1. Should the option to establish franchise fees be included in future water and sewer franchise agreements?
2. Should a franchise fee, in an amount commensurate with impacts, be implemented in future water and sewer franchise agreements?
3. Should this topic be referred to Council Study Session for input from the full council prior to staff beginning negotiations?

# Franchise Fees

May 20, 2021



# PRESENTATION OVERVIEW

## PURPOSE OF PRESENTATION

To provide the Committee detailed information on the franchise fee element of franchise agreements.

To gauge the Committee's level of support to introduce a franchise fee associated with water and sewer franchise agreements.

To ask if the Committee would like to have this topic brought before a future Council Study Session.

## WHY IS THIS ISSUE IMPORTANT?

1. The City will be re-negotiating all expired water and sewer utility franchise agreements in 2021.
2. Franchise agreements impact the operation, maintenance and preservation of our rights-of-way (ROW).
3. Franchise fees provide funding to mitigate the impacts of utility providers operating within the ROW, thereby helping to ensure that City infrastructure continues to be well maintained.
4. Franchise fees collected from utilities operating within the ROW would likely increase costs to the ratepayers.
5. The term of franchise agreements is typically 10 years or more.



# POTENTIAL COMMITTEE ACTION

## ACTION REQUESTED:

Provide staff a recommendation on the following:

- If the City should introduce a franchise fee in future franchise agreements for water and sewer utilities; and if so, whether to establish a fee in an amount commensurate with the impacts created by the utility.
- Forwarding this topic to a future Council study session for further input.

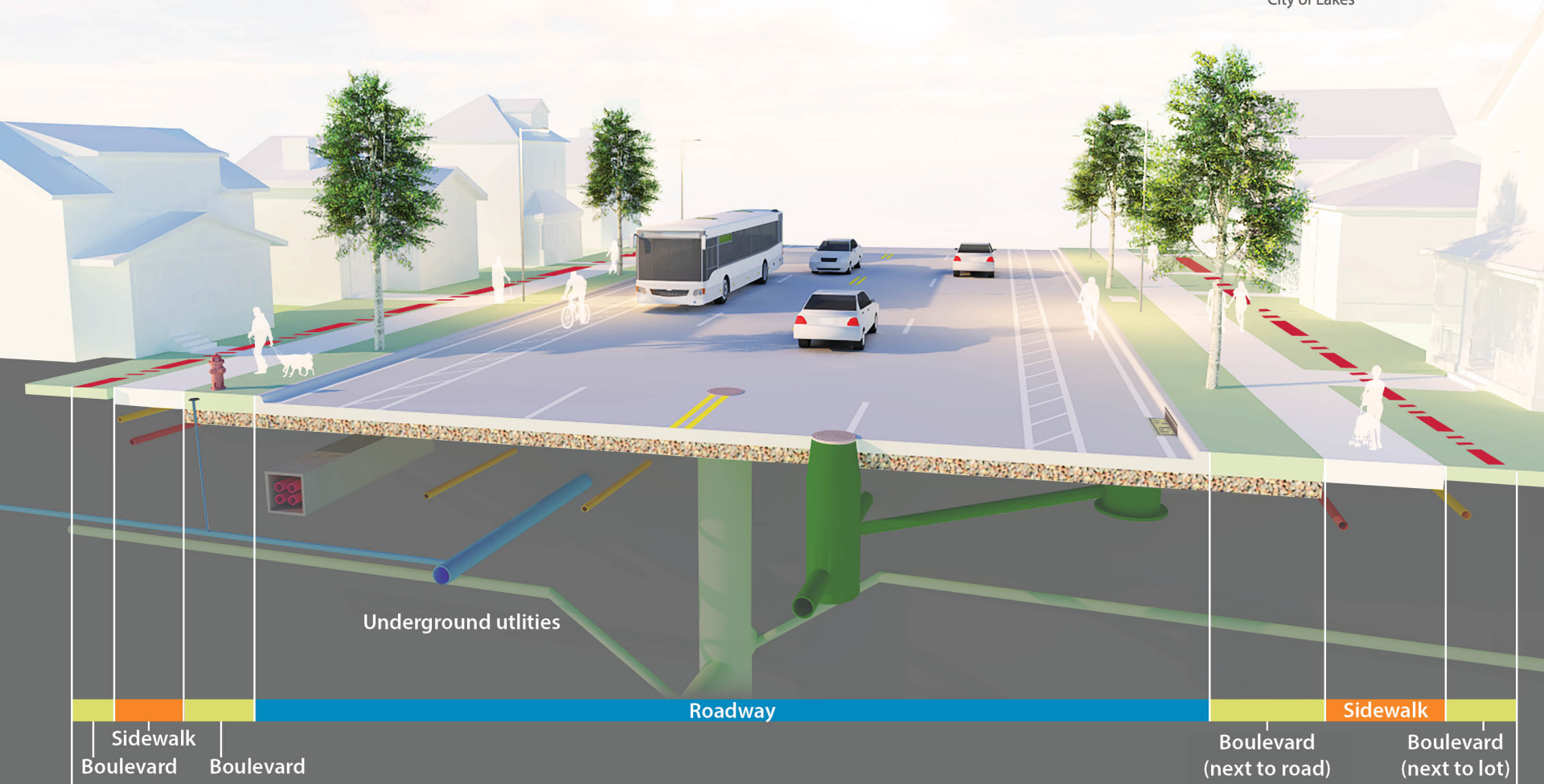
## REVIEWS TO DATE

- T&PW: 6/18/2020, 2/18/2021, 5/13/2021



# Typical Right-of-Way

Water and sewer pipes, natural gas distribution systems, fiber optic cables, electrical cables, and wireless phone systems



Underground utilities

Roadway

Sidewalk

Sidewalk  
Boulevard

Boulevard (next to road)  
Boulevard (next to lot)

# FRANCHISE AGREEMENT OVERVIEW

## WHAT IS A FRACHISE AGREEMENT?

- A contract between the city and a public or private utility provider who operates within/utilizes ROW to deliver their services.
- Establishes how utilities can be constructed, operated and maintained in the ROW to minimize impacts to the functionality/operation of the City's transportation network. Well-crafted agreements avoid confusion, disagreements and litigation.
- ROW provides the both the backbone for our transportation network and the critical corridors for placement and operation of essential utilities and services.



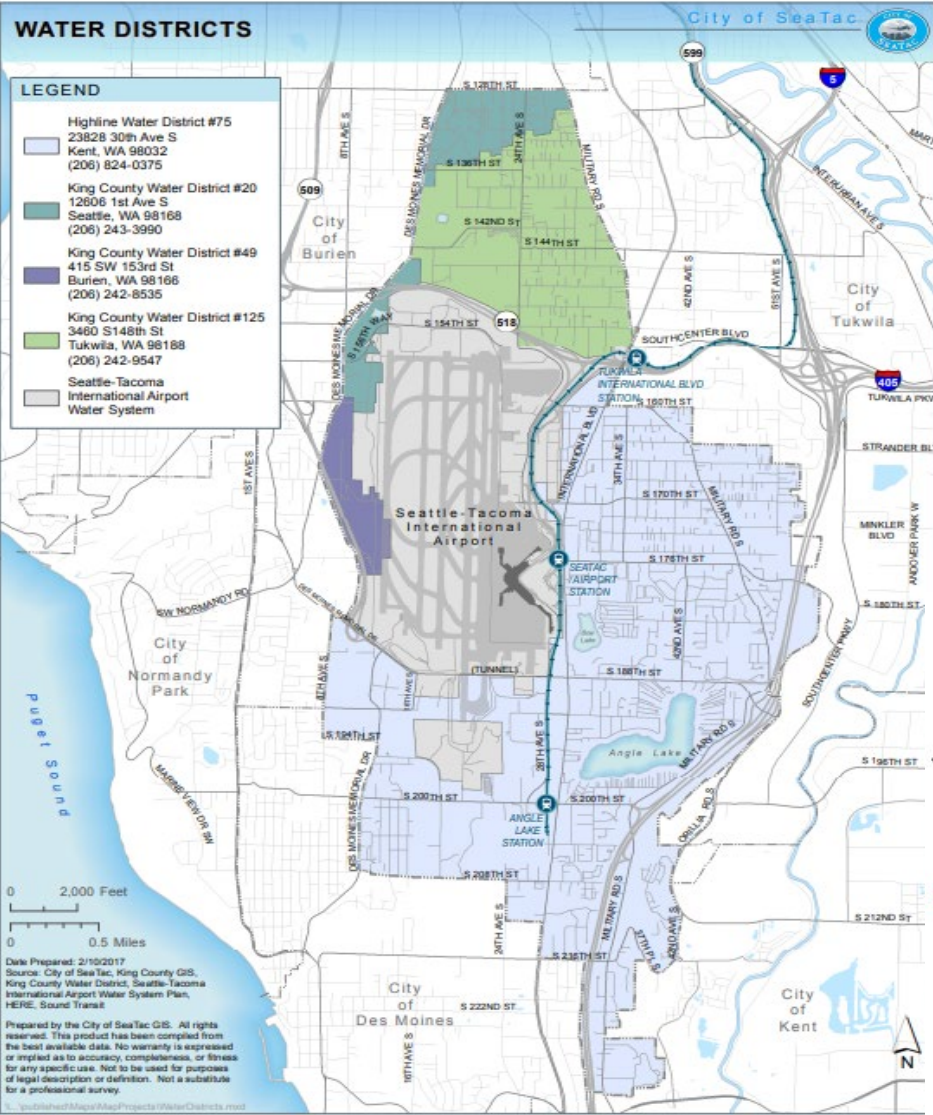


# WATER UTILITIES SERVING SEATAC

## WATER DISTRICTS

### LEGEND

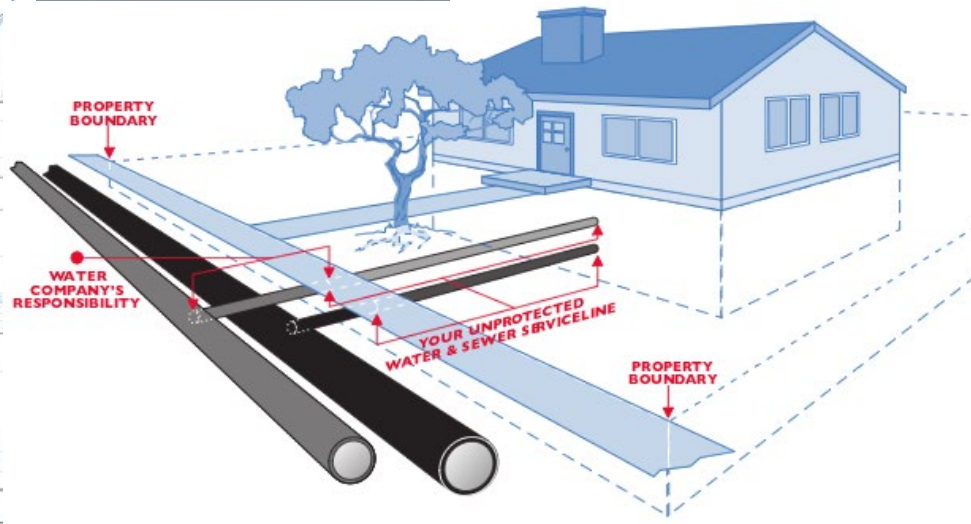
- Highline Water District #75  
23828 30th Ave S  
Kent, WA 98032  
(206) 824-0375
- King County Water District #20  
12606 1st Ave S  
Seattle, WA 98168  
(206) 243-3990
- King County Water District #49  
415 SW 153rd St  
Burien, WA 98166  
(206) 242-8535
- King County Water District #125  
3460 S148th St  
Tukwila, WA 98188  
(206) 242-9547
- Seattle-Tacoma  
International Airport  
Water System



Date Prepared: 2/10/2017  
 Source: City of SeaTac, King County GIS, King County Water District, Seattle-Tacoma International Airport Water System Plan, HERC, Sound Transit  
 Prepared by the City of SeaTac GIS. All rights reserved. This product has been compiled from the best available data. No warranty is expressed or implied as to accuracy, completeness, or fitness for any specific use. Not to be used for purposes of legal description or definition. Not a substitute for a professional survey.  
 C:\published\Maps\MapProjects\WaterDistricts.mxd

## LEGEND

- Highline Water District #75  
23828 30th Ave S  
Kent, WA 98032  
(206) 824-0375
- King County Water District #20  
12606 1st Ave S  
Seattle, WA 98168  
(206) 243-3990
- King County Water District #49  
415 SW 153rd St  
Burien, WA 98166  
(206) 242-8535
- King County Water District #125  
3460 S148th St  
Tukwila, WA 98188  
(206) 242-9547
- Seattle-Tacoma  
International Airport  
Water System



# WHAT IS TYPICALLY INCLUDED IN A WATER FRANCHISE AGREEMENT?

## AGREEMENTS MAY INCLUDE:

- Permitting Requirements
- Hydrant (fire suppression system) Cost – water utilities only
- Mapping of Infrastructure in the ROW
- Planning and Coordination
- Routine Maintenance
- Facilities Relocation
- Facilities Abandonment
- Location of Facilities
- Standards of Performance
- Damage Repair
- **Franchise Fees**
- General Maintenance of Facilities
- Emergency Operations
- Vacation of ROW
- Indemnification
- Term



# FRANCHISE FEE – What, Why, When and How Much

**What is a Franchise Fee** - A fee for both the administration of the franchise agreement and to offset impacts of the franchisee within the ROW.

**Why Include it** –To ensure the public is fairly compensated for use of and impacts to the ROW by those utilities that generate revenue from the services that they provide by way of the ROW. Provides revenue specifically to offset impacts to the ROW and costs incurred by the City as a result of utilities operating in the ROW.

**When Should it be Included** – Provided it is not precluded by law, it should be included as part of any franchise agreement negotiation if the City desires to have those entities operating within and benefiting from the public ROW pay for their impacts.

**Cost** – Fees are typically a percentage of the revenue that is collected by the utility within the City; it is commonly about 6%.



# FRANCHISE FEE – What, Why, When and How Much.....

**Utility Tax vs. Franchise Fee** – They are different; franchise fees are collected and used for a specific purpose use while the use of utility tax revenues is not as constrained. Franchise fees would be used to address impacts, operations and maintenance within the ROW.

**Would Franchise Fees Increase Consumer Costs** – Yes, the franchise fee is a cost of doing business for the franchisee and passed along to the ratepayers. The fee is identified as such on utility bills. The amount of the increase would be based on utilization and the fee percentage approved.

**How much would the City receive** - There are 12,234 addresses within SeaTac, assuming an average water bill of \$43/month and an assumed 6-percent franchise fee, the City might expect \$380,000 annually; this is likely a lower end estimate since hotels and businesses will utilize more water than residents.

**How would this revenue be used** – Revenue would be used to help fund the overlay program as well as operations and maintenance of the ROW.



# WHAT ARE OTHER CITIES DOING?

	Federal Way	Covington	Enumclaw	Renton	Tukwila	Kent	Maple Valley	Auburn	Des Moines	Black diamond	Burien	SeaTac
Does the City own the water and sewer service	no	no	yes	yes	yes	yes	no	yes	no	yes	no	<b>no</b>
Does the City have a franchise fee for water and sewer	yes	no	no	no	no	yes	no	no	no (3)	no	no	<b>no</b>
Fee Rate	n/A	0 (1)	n/a	n/a	n/a	6%	n/a	n/A	0	n/A	n/a	<b>n/a</b>
Does the City impose a utility tax on water and sewer	yes	no	yes	yes	yes	yes (5)	no	yes	yes	yes	yes	<b>no</b>
Tax Rate	7.75%	0 (2)	8%	6%/6.8%	10%	see (4)	0%	10%	6%	6%	6%	<b>0%</b>
Notes:												
1. Franchise fee applies only if utility tax is not in place												
2. Covington is exploring a utility tax currently												
3. Annual administrative fee only												
4. Water – 13%, Sewer – 6%, Drainage – 19.5%, Solid Waste – 18.4%. CPI built into the Water, Sewer and Drainage rates with a 2.4% cap												
5. Yes, on city-owned utilities. The franchise fee replaces the utility tax on services provided by districts.												

# HOW DO UTILITIES IMPACT RIGHT OF WAY?



# HOW DO UTILITIES IMPACT RIGHT OF WAY?



# POTENTIAL COMMITTEE ACTION

## **ACTION REQUESTED:**

Provide staff a recommendation on the following:

- If the City should introduce a franchise fee in future franchise agreements for water and sewer utilities; and if so, whether to establish a fee in an amount commensurate with the impacts created by the utility.
- Forwarding this topic to a future Council study session for further input.

## **REVIEWS TO DATE**

- T&PW: 6/18/2020, 2/18/2021, 5/13/2021

## **NEXT STEPS**

1. Staff to revise existing water franchise agreements;
2. Staff to begin discussions with water districts and negotiate agreement;
3. TPW will be briefed at a future meeting and committee action requested to further proposed agreements (expect September, 2021);
4. Agreements will require Council Action (expect October/November 2021).

