

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Approve a Memorandum of Understanding (MOU) with Seattle City Light and Authorize the City Manager to Pay Billings for Traffic Signals and Street lights in the City of Shoreline
DEPARTMENT: Public Works
PRESENTED BY: Arthur E. Maronek, Interim Public Works Director

PROBLEM/ISSUE STATEMENT: The City of Shoreline has received a billing from Seattle City Light (SCL) in the amount of \$104,442.16 and a proposed Memorandum of Understanding (MOU) regarding street lights and traffic signals. Since incorporation and the transfer of responsibility from King County, the City of Shoreline has not paid SCL billings pending the completion of an updated street light inventory. That inventory has been completed and provided to the City along with the first billing and a proposed four-year payment proposal from the accumulated unpaid amount of \$417,768.64.

The proposed MOU between SCL and the City of Shoreline provides, in summary, that:

1. The City of Shoreline will begin payment of past billings as the responsible government since incorporation, and accepts SCL's inventory of streetlights and traffic signals as the basis for that payment.
2. Payments on the accumulated unpaid billings will be made over a four-year period, with the first payment due in December 2001. Payment for billings during the current 2002 and future budget years will also be made as submitted by SCL on a quarterly basis. SCL has requested the first payment of the proposed four-year payment plan for the accumulated unpaid billings in the amount of \$104,442.16 as stated in the MOU.
3. If discrepancies in the baseline inventory of streetlights and traffic signals are identified by either the City or SCL, either party may propose an appropriate reconciliation.

ALTERNATIVES ANALYZED: Staff has identified the following alternatives for Council's consideration relative to SCL's request:

- Direct staff not to pay SCL for prior electrical power use.
- Approve the MOU and authorize the City Manager to pay SCL for previous power used totaling \$417,768.64 (\$104,442.16/annually) and future power use.

FINANCIAL IMPACT: The City has accumulated in reserves a total amount of \$300,000 from 1996 to 2001. As mentioned, SCL has identified unpaid billings of \$417,768.64 since 1996. The \$300,000 in reserves can meet the first two billings for 2001 and 2002, with a balance of \$91,116 to apply to the 2003 billing. If the City Council authorizes payment, additional reserves in the amount of \$13,326 will be needed in the 2003 budget, and \$104,442 in the 2004 budget.

The 2002 budget includes \$91,150 for the payment of quarterly billings from Seattle City Light current power use. SCL estimates its billings for 2002 will be approximately \$130,000 for a deficit of \$33,850. No budget changes are proposed at this time, since savings in other budget accounts may be achieved. The attached budget Ordinance No. 298 (Attachment A) would amend the 2002 Budget to pay for billings identified in the MOU. In addition, a summary table (Attachment B) of the combined impact on revenues from these expenditures is also attached.

RECOMMENDATION

Staff recommends that Council adopt Ordinance No. 298 to amend the 2002 Budget by \$208,885 and authorize the City Manager to sign the Memorandum of Understanding (MOU).

Approved By:

City Manager

A stylized signature, possibly reading 'LB', written in black ink over a horizontal line.

City Attorney

A stylized signature, possibly reading 'P', written in black ink over a horizontal line.

INTRODUCTION

The City of Shoreline has received a proposed Memorandum of Understanding (MOU) from Seattle City Light (SCL) regarding the City's jurisdictional ownership of traffic signals and streetlights within the City, and a billing for past power use of \$104,442.16. Upon incorporation, King County was no longer responsible for street lights and traffic signals. The City of Shoreline has declined to pay SCL's billings until questions regarding the inventory of streetlights were resolved to the City's satisfaction. SCL has updated the street light inventory, and provided a copy to the City along with their billing.

BACKGROUND

After the City's incorporation in 1995, King County communicated to City staff that the City was responsible for various SCL accounts for street lighting and traffic signals. Staff requested documentation to determine which of the streetlights are the City's responsibilities and which lights are being directly paid for by Shoreline residents. SCL's database at that time only included information about the street light number and type of fixture, but not information by location.

SCL, working with King County, has completed an inventory of the streetlights and traffic signals within the City. Based on the completion of the inventory, SCL has prepared a Memorandum of Understanding (MOU). The following provides a summary of key components of the MOU:

- Includes a recital that indicates that payment for specific traffic signals and streetlights within the City of Shoreline has not been made to SCL since 1996. It acknowledges the City of Shoreline's responsibility for traffic signals, streetlights and associated payments since the City's incorporation. It also identifies an inventory that has been prepared by King County and confirmed by SCL regarding the accuracy of the number of streetlights and traffic signals in Shoreline. Based on this inventory, SCL has determined that the amount of unpaid billings totals \$417,768.64.
- Establishes a payment plan of \$104,442.16 annually until the total amount outstanding has been paid. The first back payment of \$104,442.16 was due December 30, 2001 and the final back payment of \$104,442.16 is due to SCL on December 30, 2004.
- Provides that SCL and the City reserve the right to review the inventory of street lights and traffic signal document discrepancies, and propose reconciliations to each other for review. It also establishes that SCL reserves the right to review the traffic signals and flashers installations in the City to determine whether they need to be individually metered.

ALTERNATIVES ANALYSIS

Staff has provided a summary analysis of each of the alternatives identified on the summary page:

- Direct staff not to pay SCL for past and future electrical power use for traffic signals and streetlights. Staff recognizes that this alternative would avoid accepting

responsibility for past and future energy costs for streetlights and traffic signals. We assume that technically, SCL could terminate service if bills went unpaid as with their other customers. The potential of their doing so has not been determined.

- Approve the MOU and authorize the City Manager to pay SCL for previous power used totaling \$417,768.64 (\$104,442.16/annually) and future power use.

Staff is recommending this alternative because it accepts the City's responsibility to pay for electric power used for streetlights and traffic signals in the City of Shoreline. By approving the MOU, the City is acknowledging responsibility for both past and future power costs. Future power costs are estimated to total approximately \$130,000 in 2002.

In making its recommendation, staff recognizes that there are additional long-term issues regarding streetlights in the City of Shoreline. Some neighborhoods have streetlights that improve vehicular and pedestrian safety while others do not. However, all of the City's long-term residents pay the taxes that are used to provide electric power for streetlights. The questions of an equitable distribution of City services, and adding street lights where the residents request them, may need to be considered along with the City's overall financial capacity. Different methods for financing and managing streetlights over the long-term, such as a street lighting and undergrounding utility, may have merit. Substantial analytical work is required before such long-term issues can be brought to the City Council for consideration.

RECOMMENDATION

Staff recommends that Council adopt Ordinance No. 298 to amend the 2002 Budget by \$208,885 and authorize the City Manager to sign the Memorandum of Understanding (MOU).

ATTACHMENTS: Attachment A – Ordinance No. 298
Attachment B – Summary Table

Attachment A

ORDINANCE NO. 298

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AMENDING ORDINANCE 294, BY INCREASING THE APPROPRIATION IN THE STREET FUND TO FUND THE PROVISIONS IN A MEMORANDUM OF UNDERSTANDING WITH SEATTLE CITY LIGHT REGARDING THE OPERATING COSTS OF IDENTIFIED TRAFFIC SIGNALS AND STREET LIGHTS

WHEREAS, the 2002 Budget was adopted in Ordinance 294; and

WHEREAS, funds were reserved within the Street Fund for the City's obligation for the cost of street lights and traffic signals for the years 1996 – 2001 while a memorandum of understanding was being negotiated between the City of Shoreline and Seattle City Light; and

WHEREAS, the City wishes to take advantage of the available resources reserved in the Street Fund to pay the first installment payment as described within a proposed Memorandum of Understanding (MOU) for resolving the City's obligation for past and future traffic and street light operation; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Amendment to the 2002 Budget. The City hereby amends Section 2 of Ordinance No. 294, the 2002 Annual Budget, by increasing the appropriation to the Street Fund by \$208,885 for a Street Fund appropriation of \$3,299,689 and by increasing the Total Funds appropriation to \$48,466,155 as follows:

| | | |
|-------------------------------------|------------|------------|
| General Fund | 26,397,457 | |
| Development Services Fund | 1,912,731 | |
| Street Fund | 3,090,804 | 3,299,689 |
| Arterial Street Fund | 369,042 | |
| Surface Water Management Fund | 2,248,130 | |
| General Capital Fund | 2,030,278 | |
| Roads Capital Fund | 9,440,569 | |
| Surface Water Capital Fund | 2,290,000 | |
| General Reserve Fund | 0 | |
| Equipment Replacement Fund | 275,000 | |
| Vehicle Operations/Maintenance Fund | 70,000 | |
| Unemployment Fund | 8,259 | |
| Code Abatement Fund | 100,000 | |
| Asset Seizure | 25,000 | |
| Total Funds | 48,257,270 | 48,466,155 |

Section 2. Appropriation for First Two Installment Payments in the MOU with Seattle City Light. The City Manager is hereby authorized to utilize \$208,885 from the Street Fund and is authorized to expense the funds to pay for the first and second installment as described within the Memorandum of Understanding between the City of Shoreline and Seattle

City Light for the City's outstanding obligation for specific street lights and traffic signals as identified within the MOU.

Section 3. Severability. Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be preempted by state or federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

Section 4. Effective Date. A summary of this ordinance consisting of its title shall be published in the official newspaper of the City. The ordinance shall take effect and be in full force five days after passage and publication.

PASSED BY THE CITY COUNCIL ON JANUARY 28, 2002.

Mayor Scott Jepsen

ATTEST:

APPROVED AS TO FORM:

Sharon Mattioli, CMC
City Clerk

Ian Sievers
City Attorney

Date of Publication: January 31, 2002
Effective Date: February 5, 2002

Attachment B

Summary Table Traffic Signals and Street Lights

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>Total</u> |
|----------------------------|------------------|------------------|-------------------|------------------|-------------------|
| Resources | | | | | |
| Reserves | \$208,884 | \$91,116 | \$0 | \$0 | \$300,000 |
| Street Operations Budget | \$91,150 | \$91,150 | \$91,150 | \$91,150 | \$364,600 |
| Subtotal: | \$300,034 | \$182,266 | \$91,150 | \$91,150 | \$664,600 |
| Expenditures | | | | | |
| Back Payment Installments* | \$208,884 | \$104,442 | \$104,442 | \$0 | \$417,769 |
| Projected Expenditures | \$139,000 | \$139,000 | \$139,000 | \$139,000 | \$556,000 |
| Subtotal: | \$347,884 | \$243,442 | \$243,442 | \$139,000 | \$973,769 |
| Total | -\$47,850 | -\$61,176 | -\$152,292 | -\$47,850 | -\$309,169 |

*Two installment payments will be made in 2002, followed by the third and fourth in 2003 and 2004 respectively.

Note: The Summary Table is prepared with the current level Street Operations budget of \$91,150 annually from 2002 through 2005 and with projected expenditures of \$139,000 for current payment of Street Lights and Traffic Signals.