

ORDINANCE NO. 2000-07-048

AN ORDINANCE FOR THE SHORT TERM EXTENSION OF A FRANCHISE TO OLYMPIC PIPE LINE COMPANY FOR THE CONSTRUCTION, OPERATION AND MAINTENANCE OF A PIPELINE IN, THROUGH AND UNDER CERTAIN STREETS AND PUBLIC PROPERTY WITHIN THE CITY.

WHEREAS, the City of Bellingham (hereinafter the "City") granted to Olympic Pipe Line Company (hereinafter "Olympic") an Interim Franchise for a petroleum pipeline on December 6, 1999; and,

WHEREAS, the City and Olympic are continuing to negotiate the terms of a long-term franchise; and,

WHEREAS, the Interim Franchise should be extended for a period of eight (8) weeks to allow negotiations to continue;

NOW, THEREFORE, THE CITY OF BELLINGHAM DOES ORDAIN:

Section 1: The Interim Franchise granted in Ordinance No. 1999-12-079, is hereby renewed and extended for eight (8) weeks to September 21, 2000, subject to all of the terms contained therein, and in the Master Agreement and License Agreement referenced therein, except as modified herein. In addition, Olympic shall pay to the City a franchise fee in the amount of \$15,000 at the time of acceptance of this franchise extension. Olympic shall proceed immediately with the management audit required by the Franchise and agreements referenced herein. During the term of this extension, all outstanding issues relating to the following matters shall be addressed and, at the end of the eight (8) week period, evidence of resolution shall be provided to the City Council:

1. Surge analysis
2. SCADA and communications systems
3. Valve placement study
4. Back-up major leak detection system
5. Right-of-way enforcement
6. Pig runs
7. Reports on operations relating to safety issues, and
8. Alternative route study

Engineers, technical experts and other appropriate representatives of both Olympic and the City shall participate in working to resolve these issues. Olympic shall provide a report to the Council at least once per month, of all activities related to resolution of these issues and negotiation of a long-term franchise agreement.

At the end of the eight (8) week period Olympic shall provide the City Council with a timeline and explanation for any items listed above which remain to be completed. If this ordinance becomes effective after July 27, 2000, it shall operate retroactively to July 27, 2000.

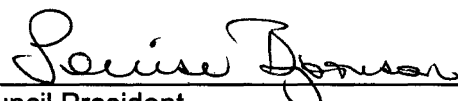
Section 2:

(a) Olympic shall not resume operations until Olympic and the City's Department of Public Works (working with the City's consulting engineers) have reached an agreement on the design and installation schedule for the backup major leak detection system (the "system"). Olympic and the City shall work diligently, cooperatively and in good faith to develop and agree to the system's design and installation schedule (the "schedule"). Once Olympic and the City agree to the system's schedule, Olympic agrees that it will not operate the pipeline at any time if it is out of compliance with the agreed schedule.

(b) Prior to resuming operations, Olympic and the City's Department of Public Works (working with the City's consulting engineers) shall agree to a list of safety critical equipment, a draft of which is attached hereto as Exhibit A. Exhibit A is only a draft and may be modified by Olympic and the City. If Olympic and the City agree to a final list of safety critical equipment and if the pipeline subsequently begins operations during the duration of this short term extension of the franchise, Olympic agrees that it shall notify the City within two working days if any of the safety critical equipment is activated or removed from service.

Section 3: The Interim Franchise granted herein shall expire on September 21, 2000, or upon the adoption of a long-term franchise ordinance, whichever occurs first. In the event Olympic fails to provide the City with written acceptance of this franchise extension, together with payment of the fee, within ten (10) days of adoption of this ordinance, this ordinance shall be null and void.

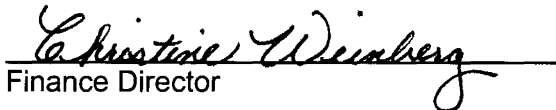
PASSED by Council this 31ST day of JULY, 2000.


Council President

APPROVED by me this 10th day of August, 2000.


Mayor

Attest:


Finance Director

Approved as to form:

Jean Hoisington
Office of the City Attorney

Published:

8/3/2000