



## King County

### **Dow Constantine**

King County Executive

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June 27, 2022

The Honorable Claudia Balducci  
Chair, King County Council  
Room 1200  
C O U R T H O U S E

Dear Councilmember Balducci:

This letter transmits a proposed Ordinance that would, if enacted, require development applications for new fossil fuel facilities to provide proof of financial coverage against the potential risks posed by new facility development, as called for by the 2020 update to the 2016 King County Comprehensive Plan Update, Workplan Action 20: Fossil Fuel Risk Bonds, in Ordinance 19146, Attachment A. Approval of this proposed legislation will provide additional protections for King County residents against the risk of explosion and site contamination posed by new fossil fuel facilities if proposed in the future.

Research conducted during development of the proposed Ordinance identified three primary facility types that could be constructed in unincorporated King County under King County's permitting jurisdiction: a thermal or gas electric power plant, a liquefied natural gas (LNG) plant, and an oil terminal. These facility types were reviewed for potential impacts. Evidence of past high-cost explosion incidents was identified sufficient to warrant requiring proof of adequate financial coverage. In present-day dollars, an explosion event at a modern fossil fuel facility could exceed \$2 billion in costs, depending on the range of local impacts and incident variables.

Research on LNG plants and oil terminals also found sufficient evidence of potential impacts associated with site contamination that could lead to the creation of new brownfields, especially in cases of operator bankruptcy and subsequent closure and abandonment. Although brownfield liability remains with the property owner, if a property owner enters bankruptcy and abandons the facility, either state or local assumption of remediation activities could result in public cost impacts. An estimate of this potential cost based on other industrial site cleanup activities is roughly \$3 million. While many fossil fuel facilities are developed or operated by businesses with significant financial assets, if facility bankruptcy or insolvency occurs and results in facility closure, site contamination from hazardous substances may remain unaddressed.

The Honorable Claudia Balducci

June 27, 2022

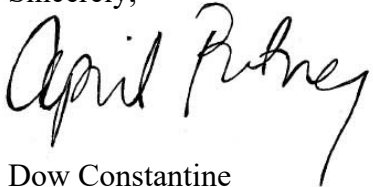
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This proposed legislation requires additional evaluation features that would be implemented prior to the authorization of new fossil fuel facilities, supporting the countywide commitment towards transitioning to clean energy resources as prioritized in the 2020 King County Strategic Climate Action Plan (SCAP) under priority actions GHG 3.8.1 and GHG 3.8.3. In addition, the proposed Ordinance also furthers King County Strategic Plan goal of efficient, accountable regional and local government and the objective to exercise sound financial and risk management by ensuring new fossil fuel facility developments have adequate financial resources to address potential industry impacts.

Thank you for your consideration of this proposed Ordinance. This important legislation will improve community safety and environmental outcomes, while helping build a more resilient and sustainable King County.

If your staff have any questions, please contact Lauren Smith, Director, Regional Planning, Office of Performance, Strategy and Budget, at 206-263-9606.

Sincerely,

 for

Dow Constantine  
King County Executive

Enclosure

cc: King County Councilmembers  
ATTN: Stephanie Cirkovich, Chief of Staff  
Melani Pedroza, Clerk of the Council  
Shannon Braddock, Chief of Staff, Office of the Executive  
Karan Gill, Deputy Chief of Staff, Office of the Executive  
Mina Hashemi, Director, Council Relations, Office of the Executive  
Dwight Dively, Director, Office of Performance, Strategy and Budget  
Lauren Smith, Regional Planning Director, Office of Performance, Strategy and Budget  
John Taylor, Director, Department of Local Services  
Jim Chan, Division Director, Permitting Division, Department of Local Services