



KING COUNTY AUDITOR'S OFFICE

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Staff Capacity and Project Complexity Limit Right-of-Way Revenue

Megan Ko

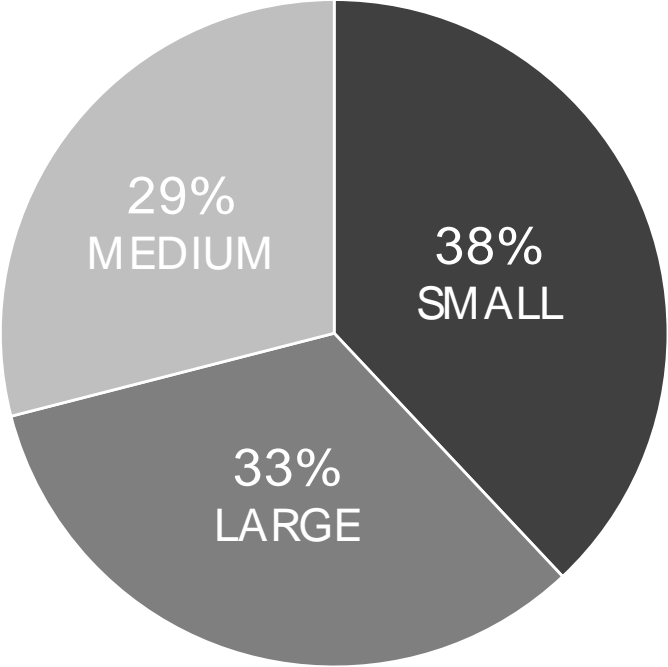
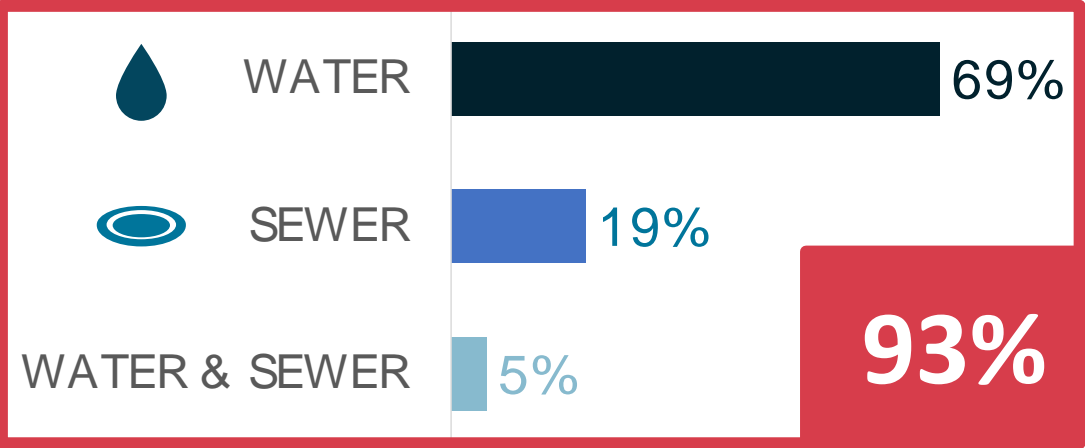
September 26, 2023 | LOCAL SERVICES AND LAND USE COMMITTEE

Franchise compensation began in 2020

Negotiated annual payments for utilities to use **right-of-way** in unincorporated areas



More than 100 franchise agreements



Key takeaways



Franchise revenue below projections

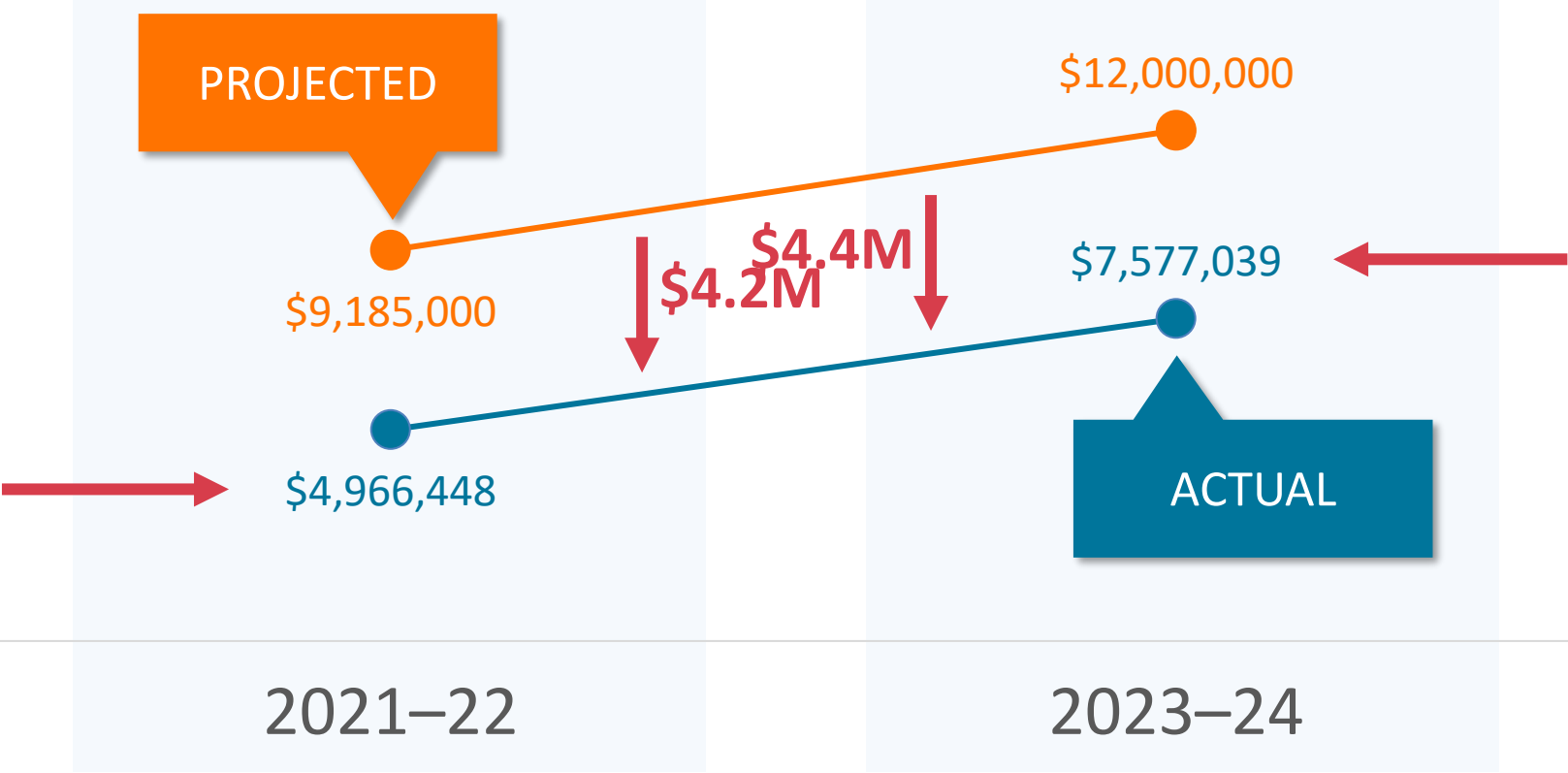


Large backlog of franchise agreements



Equity analysis of residential impacts missing

Revenue well below projections



Staff capacity limits negotiations

- 1 employee since negotiations began
 - Recruiting second employee
- Negotiations may take 4 years to complete
 - Temporary employees may cut time in half



Recommendations

FMD decide whether to hire temporary employees

RES incorporates staff capacity into revenues estimates



Backlog exceeds 100 agreements

- Since negotiations began in 2020

	BACKLOG	NEGOTIATED	TOTAL
Agreements	104	7	111

Agreements may take up to 19 months



Current agreements save time

- Council must review expired agreements
 - Not compensation
- 19-month timeline for expired agreements
 - 40 agreements in backlog are current (not expired)



Current agreements save time

- Utility A: 25-year term
- Utility B: 25-year term



Current system plans save time

- Code requires current water, sewer system plans
- Executive review includes planning check
- Outdated plans stall franchise process



Recommendations

RES prioritize negotiations based on agreement and planning status



Equity analysis missing

- County aims to spread fee burden equitably
- County proposes compensation amount
- County, utility negotiate actual compensation
- Utility sets its customer rates



Some utilities raised residential rates



Equity replaced with equality

- Estimate based on property values
 - Equitable: Accounts for differences in wealth
- Estimate adjusted to be “reasonable”
 - Estimate no more than \$5/resident/month
 - Equal: Does not account for ability to pay



Does formula contribute to inequity?

	SEATTLE CITY LIGHT	CITY OF REDMOND – NOVELTY HILL
BEFORE	\$730,333	\$830,623



Recommendation

RES conduct an equity analysis to identify and mitigate disparities



Summary



Franchise revenue below projections



Large backlog of franchise agreements



Equity analysis of residential impacts missing



Thank you

Full report available online at
KingCounty.gov/Auditor

Questions?