

## **Fossil Fuel Risk Bond Ordinance, King County (2019)**

In Attachment A, page 80, after line 2196, insert:

Action 20: Fossil Fuel Facilities Risk Bonds. As part of the 2020 Comprehensive Plan update, policies and regulations related to fossil fuel facilities were adopted. More work is needed to address the potential impacts of fossil fuels and fossil fuel facilities and related uses on the environment and human health. To accomplish this, this Workplan Action item directs:

A. Preparation of a Fossil Fuel Risk Bond evaluation, that will include, at a minimum:

1. An economic risk assessment of fossil fuel facilities and related uses, and climate change. The assessment shall include recommended policy language or development regulations that directs an update to this evaluation on a periodic basis when significant new information is available, and shall quantify the expected annualized costs to County finances, the County's economy, and County households over the next fifty years associated with several categories of risks:
  - a. For fossil fuel facilities and related uses, the assessment shall address risks associated with catastrophic explosions of storage and transfer facilities, refineries, oil and gas train derailments, gas pipeline ruptures and explosions, fuel tanker spills and explosions, pollution of air and water, brownfields, and abandoned infrastructure.
  - b. For climate change, the assessment shall address economic risks associated with changes in the frequency and severity of wildfires, floods, storms, drought, infestations of exotic diseases and pests, and other natural hazards. The assessment shall also address costs associated with the implementation of climate action policies and plans, as well as investing in adaptation measures.
2. An evaluation of the adequacy of existing financial assurance mechanisms in reducing the County's economic and financial risks associated with fossil fuel facilities and related uses, and climate change. Title 27A of the King County Code, "Financial Guarantees" already contains mechanisms for obtaining financial assurances before attempting potentially dangerous development activity. However, there is currently no language in Title 27A that requires financial assurances specifically for fossil fuel facilities and related uses. Such measures could include surety and performance bonds, letters of credit, third party trust funds, insurance, corporate guarantees, and others. The evaluation shall compare risk exposure for the County, with the maximum likely coverage of that risk by these mechanisms, and shall include recommendations for additional financial assurances or other measures that need to be adopted to minimize risks.

B. Drafting and transmittal of any necessary legislation that establishes or modifies Comprehensive Plan policies and development regulations, that will implement the recommendations of the Fossil Fuel Risk Bond evaluation.

Timeline: The Fossil Fuel Risk Bond evaluation and any necessary legislation making Comprehensive Plan and/or King County Code changes shall be transmitted to the Council for consideration by June 30, 2022.

Outcomes: The Executive shall file with the Council the Fossil Fuel Risk Bond evaluation and, if warranted, a proposed ordinance(s) with recommended code and/or policy updates.