



City Hall
601 4th Avenue E.
Olympia, WA 98501
360-753-8244

City Council

Approval of a Resolution Authorizing an Agreement Between the Cities of Olympia, Lacey and Tumwater for Transfer of Assets Related to the Brewery Wellfield

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Title

Approval of a Resolution Authorizing an Agreement Between the Cities of Olympia, Lacey and Tumwater for Transfer of Assets Related to the Brewery Wellfield

Recommended Action

Committee Recommendation:

Not referred to a committee.

City Manager Recommendation:

Move to approve a Resolution authorizing a Memorandum of Agreement between the Cities of Olympia, Lacey and Tumwater for transfer of assets related to the Brewery Wellfield and authorize the City Manager to sign the agreement.

Report

Issue:

Whether to approve a Memorandum of Agreement between the Cities of Olympia, Lacey and Tumwater for transfer of assets related to the Brewery Wellfield.

Staff Contact:

Susan Clark, Interim Drinking Water Utility Director, Public Works Department, 360.753.8321

Presenter(s):

None - Consent Calendar Item.

Background and Analysis:

Initial Brewery Water Rights Interlocal Agreement

In 2009, the Cities of Olympia, Lacey and Tumwater (the partners), jointly acquired water rights, land, and physical infrastructure to support the development of the Brewery Wellfield as a source of water supply.

Under the initial Brewery Water Rights Interlocal Agreement (executed in March 2006), each partner

has a right to one-third of the aggregate water rights' instantaneous rate and annual volume. This initial agreement does not contain provisions to allow one, or more, partner or partners to transfer its ownership interests to another partner or partners in the event water source or other considerations change.

Over the last decade, the partners have worked together to evaluate the existing Brewery Wellfield infrastructure and to develop the resource management strategies necessary for the future production and distribution of the water rights acquired from the former Olympia Brewery.

Proposed Memorandum of Agreement

Since 2009, each partner has continued to evaluate its individual source of supply needs. As each partner's source of supply needs vary, so do priorities for investment in source development which could require flexibility related to the jointly owned Brewery Wellfield that does not exist under the Initial Brewery Water Rights Interlocal Agreement.

As each partner continues to consider its individual future supply and investment choices, this Memorandum of Agreement provides a framework to transfer ownership interest within the partnership to another partner or partners, including any physical assets and liabilities, land and water rights.

The Memorandum of Agreement also provides for the reimbursement of costs incurred by the City of Tumwater on behalf of the partnership for consulting services and stormwater fees on jointly held properties.

Olympia's Source of Supply Needs

The following City of Olympia Comprehensive Plan Policy and Drinking Water Utility Water Supply Reliability Level of Service guide water source decisions:

- Reserve water supply rights for at least 50 years in advance of needs, so that supplies can be protected from contamination, and they are not committed to lower priority uses. (PU 5.1)
- The Utility will meet winter demands (inside water use only) with the loss of the largest water source. (Reliability Level of Service)

As a component of the Draft 2021 City of Olympia Water System Plan (WSP) currently under review by the Washington State Department of Health, the Drinking Water Utility conducted a water source analysis, including analyzing current and future sources against the above policy and level of service. The result of this review is as follows:

- The Drinking Water Utility has an excess of "on-paper" water rights at year 2070, based on today's water demand forecast.
- Current water sources, including the undeveloped Briggs water rights, are insufficient to meet winter demands at year 2070, based on today's water demand forecast with the entire McAllister Wellfield source unavailable and with the Brewery Wellfield undeveloped. (Note: Current water sources, including the undeveloped Briggs water rights, become insufficient to meet winter demands with the entire McAllister Wellfield unavailable after year 2040.)

Because the Brewery Wellfield supports the Drinking Water Utility's intent to secure a 50-year supply of water and helps to provide additional system reliability due to its location, the Draft WSP continues to include the development of the Brewery Wellfield as a future source of supply to meet future demands.

Climate Analysis:

The proposed Memorandum of Agreement does not have a direct effect on greenhouse gas emissions. As development of the Brewery Wellfield occurs, requiring high efficiency pumps, the use of green energy to operate Wellfield infrastructure and continuing to emphasize the efficient use of water by customers could be considered.

Equity Analysis:

When developed, the Brewery Wellfield will provide an additional source of water (a benefit) to the City of Olympia's Drinking Water Utility customers consistent with City water supply policies and paid for by a combination of current and future customers (a burden).

The proposed Memorandum of Agreement provides flexibility to the City of Olympia and its partners to transfer ownership interest within the partnership to another partner or partners should any partner choose to do so. This flexibility allows the City of Olympia to continue to analyze its water supplies against its demands and financial constraints and to make cost-effective decisions for its customers.

Neighborhood/Community Interests (if known):

Current City of Olympia policies support the long-term preservation of water resources.

Options:

1. Approve a Resolution authorizing an Agreement between the Cities of Olympia, Lacey and Tumwater for transfer of assets related to the Brewery Wellfield and authorize the City Manager to sign the agreement. Brewery Wellfield development will continue with flexibility in ownership interests by the partners.
2. Modify the Agreement between the Cities of Olympia, Lacey and Tumwater for transfer of assets related to the Brewery Wellfield. This will require the partners to reconsider the terms of the Agreement and will delay a partner or partners from taking advantage of the flexibility allowed under the Memorandum of Agreement.
3. Do not approve the Agreement between the Cities of Olympia, Lacey and Tumwater for transfer of assets related to the Brewery Wellfield. This will require the partners to reconsider the terms of the Memorandum of Agreement and may hinder Brewery Wellfield development.

Financial Impact:

Under the proposed Memorandum of Agreement, the Drinking Water Utility agrees to reimburse the City of Tumwater for consulting services (\$19,000) and stormwater fees associated with the jointly owned property (\$23,082.53) for a total of \$42,082.53 due to the City of Tumwater.

Attachments:

Resolution
Agreement

