



City Council

Approval of a Resolution Adopting the 2021-2026 Water System Plan

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Title

Approval of a Resolution Adopting the 2021-2026 Water System Plan

Recommended Action

Committee Recommendation:

The Utility Advisory Committee recommends approving adopting the City of Olympia 2021-2026 Water System Plan.

City Manager Recommendation:

Move to approve a Resolution adopting the City of Olympia 2021-2026 Water System Plan.

Report

Issue:

Whether to approve a Resolution adopting the 2021-2026 Water System Plan.

Staff Contact:

Susan Clark, Engineering and Planning Supervisor, Public Works, 360.753.8321

Presenter:

None - Consent Calendar Item.

Background and Analysis:

Water System Planning Requirements and Update Process

Washington Administrative Code (WAC 246-290-100) requires water utilities with 1,000 or more connections, or those that are expanding, to develop water systems plans every 6 to 10 years. Water system plans are reviewed and approved by the Washington State Department of Health and are developed to demonstrate the utility's capacity to remain in compliance with relevant local, state and federal regulations. Approval of a water system plan by the system's legislative body in a public meeting must occur prior to Washington State Department of Health's approval.

An internal cross-sectional writing team conducted the update and consulting services provided support with water demand projections, capital project identification and prioritization, hydraulic modeling and financial review.

On October 14, 2022, the Draft 2021-2026 Water System Plan was submitted to the Washington State Department of Health for review and comment. The City received comments from the Washington State Department of Health on June 5, 2023. Drinking Water Utility responses to Washington State Department of Health comments are attached to this staff report and include minor changes that have been incorporated into the October 15, 2023 Final Draft 2021-2026 Water System Plan.

Summary of Public Review and Comment Opportunities

The Utility Advisory Committee served as the primary vehicle for review and input during the water system plan update project. Briefings on the development of the Final Draft 2021-2026 Water System Plan occurred as follows:

- November 5, 2020
- April 1, 2021
- August 12, 2021
- November 4, 2021
- April 7, 2022
- September 7, 2023

The Utility Advisory Committee's letter recommending approval of the Final Draft 2021-2026 Water System Plan is attached to this staff report.

Additional ways the water system plan update process solicited public or other agency review included:

- A project webpage and a project kick-off announcement in the September/October 2020 *Five Things* Utility Insert
- A project briefing at the Land Use and Environment Committee on September 17, 2020
- A conservation goal setting public forum on November 4, 2021, advertised through the Washington State Department of Health's website and a City e-newsletter
- A project briefing at the Land Use and Environment Committee on April 21, 2022
- Submittal of the Draft 2021-2026 Water System Plan to the Washington State Department of Health on October 14, 2022
- A request for review and comment by neighboring water systems in October/November 2022 sent through direct email request
- Submittal of the Draft 2021-2026 Water System Plan to Thurston County Environmental Health in October 2022
- A public comment period in November/December 2022 advertised through a City e-newsletter
- Issuance of a State Environmental Policy Act Determination of Non-significance and check list on February 3, 2023
- A public hearing and informational meeting for water system consumers on October 30, 2023

Drinking Water Utility staff also participated in a discussion about the Draft 2021-2026 Water System Plan with a Squaxin Island Tribe staff member on February 9, 2023.

Water System Plan Summary

The general purpose of a water system plan is to demonstrate a utility's operational, technical, managerial and financial capability to achieve and maintain compliance with relevant local, state and federal regulations.

The Final Draft 2021-2026 Water System Plan contains the water demand/water supply, hydraulic and financial analysis required to demonstrate that the Drinking Water Utility can continue to provide drinking water to its current and projected new customers for the next 20+ years. No significant deficiencies were identified during the water system update process.

The Drinking Water Utility will continue to focus its efforts on the following opportunities and challenges as it implements the Final Draft 2021-2026 Water System Plan:

- Aging infrastructure
- Changing water quality regulations
- Keeping pace with development
- Protecting groundwater from contamination
- Equitable and predictable rates and fees
- Public education and involvement
- Climate change
- Incorporating equity (fairness) in utility decisions
- Southeast Olympia groundwater sources
- Reservoir upgrades
- Asset Management strategy
- Uncertainty of changing demands

Climate Analysis:

The Drinking Water Utility currently contributes to the City's overall climate goals through green power purchase, water conservation goals and messaging, the use of electric vehicles where possible and the use of energy efficient pumps. As the Drinking Water Utility implements the Final Draft 2021-2026 Water System Plan, it will continue to analyze how its operations can continue to support the City's goal of reducing greenhouse gas emissions.

Equity Analysis:

The strategic direction established through the Final Draft 2021-2026 Water System Plan has the potential to both benefit and burden people who live, work, visit, pay utility bills, develop property in Olympia or become utility customers/rate payers in the future. The mission of the Drinking Water Utility includes prioritizing public and environmental health on behalf of all customers, regardless of who "pays the bill". Additionally, the Drinking Water Utility collects and uses data on the condition of its infrastructure to make maintenance, renewal and replacement decisions. Condition data helps the Drinking Water Utility to make equitable decisions since it focuses work toward infrastructure most in need of maintenance, renewal or replacement. Further, the Drinking Water Utility implements utility bill assistance programs for low-income disabled or low-income over age 62. Finally, the Drinking Water Utility is in the business of providing high-quality and cost-effective service to all existing and future customers located within its designated water service area consistent with the growth and development objectives of the City's Comprehensive Plan. However, regardless of these current practices, the Drinking Water Utility would benefit from continuing to use information from the Storm

and Surface Water Utility's in-house Stormwater Equity Index tool to focus efforts and resources to ensure infrastructure and program service decisions are made which reduce service disparities and support equitable outcomes.

Neighborhood/Community Interests (if known):

City-owned utilities provide essential public health services to residential and commercial customers in our service area. No public comments were received during the development of the Final Draft 2021-2026 Water System Plan or during the October 30, 2023 public hearing and informational meeting for water system consumers.

Financial Impact: The Drinking Water Utility funds implementation of the 2021-2026 Water System Plan. There are utility rate and general facilities charge (GFC) implications to fully fund the 2021-2026 Water System Plan. However, the implementation of future rates and GFCs is addressed during annual budget review and approval.

Chapter 14 and Appendix 14-1 contain the financial analysis conducted for the 2021-2026 Water System Plan by the Drinking Water Utility's financial consultant, FCS Group, including the rate increases necessary to fully fund all recommended strategies and capital projects as presented.

Options:

1. Approve a Resolution adopting the City of Olympia 2021-2026 Water System Plan. The 2021-2026 Water System Plan will be sent to the Washington State Department of Health for approval as outlined in State law.
2. Approve a Resolution adopting the 2021-2026 Water System Plan with Council-directed revisions. This option will delay approval of the 2021-2026 Water System Plan by the Washington State Department of Health.
3. Do not approve a Resolution adopting the 2021-2026 Water System Plan. This option will mean that the Drinking Water Utility will be out of compliance with State Drinking Water regulations and will be ineligible to apply for Drinking Water State Revolving Fund (DWSRF) loan opportunities.

Attachments:

Resolution
Response to Department of Health Review Comments
Utility Advisory Committee Recommendation Letter
Water System Plan Webpage