



City Council

Exercise option agreement for purchase of water rights for the purpose of required mitigation in the Deschutes River basin as part of the McAllister Wellfield Project.

Agenda Date: 9/11/2012
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Agenda Item:

Exercise option agreement for purchase of water rights for the purpose of required mitigation in the Deschutes River basin as part of the McAllister Wellfield Project.

Whether to exercise the option agreement for the purchase of water rights with Dillard and Juanita Jensen. This agreement is the final water right purchase for the purposes of mitigation in the Deschutes River watershed as part of the McAllister Wellfield project. The water right is being jointly purchased with the cities of Lacey and Yelm as part of a collaborative mitigation strategy in the Deschutes River watershed. This water right is identified specifically in the McAllister Wellfield Mitigation Plan that was approved by the Washington Department of Ecology when Olympia's water right transfer application was approved in January 2012.

Committee Recommendation:

Not referred to a committee.

City Manager's Recommendation:

Move to approve and authorize the City Manager to execute documents necessary to exercise the Option Agreement for Purchase of Water rights, dated August 24, 2010; and close on the acquisition of water rights from Dillard and Juanita Jensen.

Staff Contact:

Liz Hoenig, Senior Planner, Public Works Water Resources, 360-753-8152

Presenter(s):

None - Consent Calendar Item

Background and Analysis:

For several years, the cities of Olympia, Lacey, and Yelm have worked together to develop collaborative mitigation strategies for the Deschutes River Basin associated with their applications for new water rights. These strategies include water rights acquisition, land acquisition and habitat restoration and are outlined in each cities' mitigation plans as approved by the Washington Department of Ecology. The purchase of this water right will complete Phase II, which focused on water rights and land acquisition.

If approved:

- The City will meet its legal obligations as defined in Ecology's final decision on the McAllister Wellfield Water right.
- The collaborative working relationships with the cities, the Nisqually Indian Tribe, and Squaxin Island Tribe will continue. Other collaborative partnerships will also form because of the habitat restoration work.

If denied:

- The City will not meet its legal obligations as set for the in Ecology's final decision on the McAllister Wellfield water right, and this could put the entire project in jeopardy.

Neighborhood/Community Interests (if known):

Staff will continue to collaborate with the cities of Lacey and Yelm on Deschutes River mitigation issues, and with the Jensens and other area property owners as our work in the area continues.

Options:

1. Exercise the Option Agreement for the Purchase of Water Rights from Dillard and Juanita Jensen.
2. Do not exercise the Option Agreement for the Purchase of Water Rights from Dillard and Juanita Jensen.

Financial Impact:

Funding:

The Cities will equally divide the cost of the water right, which is \$300,000 (plus closing costs and minus \$5,000 option payment). Olympia's share (\$98,819.22) will be paid out of the Drinking Water Utility Capital Fund using funding allocated for water rights mitigation. Adequate funding exists in the program for this work.

Attachments:

1. Option Agreement for the Purchase of Water Rights from Dillard and Juanita Jensen