



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

City Council

Approval of a Resolution Confirming Authority of the City Manager to Sign the Interlocal Agreement Between the Cities of Olympia, Lacey and Yelm for Implementing Deschutes Water Rights Mitigation Strategy - Phase V

Agenda Date: 1/23/2018
Agenda Item Number: 4.F
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Type: resolution **Version:** 1 **Status:** Passed

Title

Approval of a Resolution Confirming Authority of the City Manager to Sign the Interlocal Agreement Between the Cities of Olympia, Lacey and Yelm for Implementing Deschutes Water Rights Mitigation Strategy - Phase V

Recommended Action

Committee Recommendation:

Not referred to a committee

City Manager Recommendation:

Move to approve the resolution confirming the terms of the Interlocal Agreement Between the Cities of Olympia, Lacey and Yelm for Implementation of the Deschutes Water Rights Mitigation Strategy - Phase V, ratifying the City Manager's signature on the Interlocal Agreement, and authorizing the City Manager to execute any subsequent agreements implementing the terms of the Interlocal Agreement.

Report

Issue:

Whether to approve the resolution to confirm the August 15, 2017 Olympia City Council approval of an interlocal agreement to continue water rights mitigation and property management activities at the Deschutes River property with the Cities of Lacey and Yelm, ratifying the City Manager's signature on the Interlocal Agreement and authorizing the City Manager to execute any subsequent agreements implementing the terms of the Interlocal Agreement.

Staff Contact:

Susan Clark, Senior Planner, Public Works/Water Resources, 360.753.8321

Presenter(s):

None - Consent Calendar Item

Background and Analysis:

On August 15, 2017 the Olympia City Council approved the Phase V water rights mitigation interlocal agreement. The recommendation for action inadvertently authorized the interlocal agreement to be signed by the Mayor rather than the City Manager. Confirming the approval of the interlocal agreement and ratifying the City Manager's execution will remedy this issue, allowing necessary work to progress.

Over the past decade, the Cities of Olympia, Lacey and Yelm have worked together to complete Washington State Department of Ecology (Ecology) approved water right mitigation strategies under four interlocal agreements. During this time, the Cities completed the following work within the Deschutes River basin:

- Purchase of water rights and the 185 acre Deschutes River property
- Tree planting along 50 feet of the Deschutes River
- Design documents and bid specifications for future wetland habitat restoration mitigation projects
- Deschutes River property management activities

The Phase V interlocal agreement includes the following projects:

- Construction of the wetland habitat restoration mitigation projects designed under the Phase IV interlocal agreement
- Planting and maintenance of native plant species along river bank and wetlands
- Property management activities (e.g. weed control, fence removal, pasture management)

In 2015, the City of Yelm lost its final appeal through the Washington State courts for a water right permit. With the loss of its water right, Yelm no longer benefits from the Deschutes River property mitigation projects. Yelm continues to own the Deschutes River property with Olympia and Lacey.

The Phase V interlocal agreement modifies Yelm's financial participation in the partnership. Yelm will continue to cost-share equally in property management expenses. Yelm will also reimburse Olympia for planting expenses incurred by Olympia under the Phase IV interlocal agreement. For the wetland habitat restoration and native species planting projects, this interlocal agreement allows Yelm to elect to provide a one-third cost-share in the projects in the future.

Neighborhood/Community Interests (if known):

The three cities continue to communicate with the Squaxin Island Tribe on ideas on future restoration projects at the Deschutes River property.

Options:

1. Confirm approval of the interlocal agreement between Olympia, Lacey, and Yelm to implement required water rights mitigation actions and conduct property management activities. This will ensure compliance with Olympia's water right permit.
2. Do not confirm approval of the interlocal agreement between Olympia, Lacey, and Yelm to implement required water rights mitigation actions and conduct property management activities. This will put compliance with Olympia's water right permit at risk.

Financial Impact:

This interlocal agreement authorizes the three cities to spend \$1,400,735 total. Olympia will pay its portion of the \$1,400,735 from the Drinking Water Utility Capital Fund. Depending upon Yelm's level of participation, Olympia's proportionate share ranges from \$672,805 (current scenario) to \$466,911 (optional scenario). Please see the attached Expense Table for cost-share details.

Attachments:

Resolution and Interlocal Agreement
Expense Table