

TO: City Council
FROM: Dan Smith, Water Resources & Sustainability Director
DATE: September 17, 2024
SUBJECT: Agreement for the Transfer of Interests in Brewery Assets with City of Lacey

1) Recommended Action:

Approve and authorize the Mayor to sign the Brewery Asset Transfer Agreement with the City of Lacey to permanently acquire Lacey's Brewery Wellfield assets, including water rights, infrastructure, and associated liabilities of the Brewery Wellfield.

This agreement was recommended for Council consideration by the Public Works Committee at their September 5, 2024 meeting.

2) Background:

In 2009, the City and its partners, City of Lacey and City of Olympia, acquired water rights, land, and physical infrastructure to support the development of the Brewery Wellfield and produce water to serve its respective communities. Over the last decade, the partners have evaluated the existing infrastructure and resource management strategies for the future production and distribution of water using the water rights acquired from the former brewery. As each partner's domestic water needs vary, so do priorities for investment in source development, and geospatial realities create significant challenges for conveyance of the water. In 2023, the City of Lacey wrote to the partnership expressing interest in transferring ownership of its assets to one of the partners. Tumwater accepted and made an offer to the City of Lacey that was tentatively accepted, dependent upon approval by the Lacey City Council. The agreement being considered follows the process outlined in the 2022 Memorandum of Understanding with the partners to transfer ownership another city, including any physical assets and liabilities, land, and water rights. Acceptance of this agreement would initiate the transfer and dedicate Lacey's portion of water of the Brewery Wellfield to the City of Tumwater.

3) Policy Support:

- Ensure an ample water supply / Facilitate brewery redevelopment
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4) Alternatives:

- ☐ No practical alternatives. This is a critical need for the growing water utility.
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5) Fiscal Notes:

The agreement provides for the acquisition of Lacey's interest in the Brewery Wellfield for \$2.4 million. While the water adds benefit, the utility will also bear the financial burden for development costs for production and treatment and decommissioning of the dilapidated well houses in the valley.

6) Attachments:

- A. Agreement for the Transfer of Interests in Brewery Assets