

TO: City Council
FROM: John Doan, City Administrator
DATE: October 11, 2022
SUBJECT: Capitol Lake – Deschutes Estuary Memorandum of Understanding for Governance and Funding of a Restored Estuary

1) Recommended Action:

Briefing only on the proposed Interlocal Agreement establishing the mutual commitments to the project, including funding through 2050.

2) Background:

Long-term management strategies and actions are needed to address issues in the Capitol Lake – Deschutes Estuary project area. In June 2021, the Department of Enterprise Services released a Draft Environmental Impact Statement addressing the options for long-term management. They have identified the likely preferred alternative to be the restoration of estuary. The direction from the Legislature in approving this project was to develop a system for local entities to share in the costs of the project. The Funding and Governance Work Group has been developing a proposal to achieve that requirement.

In a July worksession, staff from the State and the consultants provided an update on the project including the conceptual approach to how the State and local entities (Tumwater, Olympia, Port, LOTT, Tribe, and County) could be involved in paying for it. Additional information about the project is available at <https://capitollakedeschutesestuaryeis.org>. A subsequent worksession on September 13th presented a conceptual formula for the City's contribution utilizing utility tax. The attached MOU is in the final form. Its completion is vital to demonstrating the local participation in the project to the State Legislature and leveraging the State funds for construction. This MOU would eventually be followed by a binding interlocal agreement.

Since the September draft, the City's estimated contribution in 2022\$ has increased from \$2,768,000 to \$2,865,000 to help account for maintenance dredging at Percival Landing and the Port Plaza.

3) Policy Support:

2021-2026 Strategic Priority: Be a Leader in Environmental Sustainability

4) Alternatives:

This is a briefing only. It would be on the October 18, 2022 agenda for approval.

5) Fiscal Notes:

Based on this preliminary agreement and the projected costs, the City's projected total contribution in 2022 dollars is \$2,768,000 through 2050. With estimated cost escalation, it

is approximately \$5,000,000. To fund this, the staff is proposing a projected increase to the City's Stormwater Utility of 0.5%/year in years 2023-2026, 1.0%/year in 2027-2030, 0.5%/year in 2031-2036, and 0.5%/year in each even numbered year in each year thereafter until 2050, the final year under this MOU. On a standard stormwater bill of \$13.02 in 2022, this would be an increase of \$0.65. The City will need to monitor the cost obligations, revenue, and the effectiveness of this approach and adjust the numbers up or down over time to ensure sufficient resources. The only other funding source is the General Fund which does not have the resources to make this contribution.

6) Attachments:

A. Memorandum of Understanding