



CITY OF KIRKLAND

Department of Public Works

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MEMORANDUM

To: David Ramsay, City Manager

From: Erin J. Leonhart, Facilities & Administrative Manager
Robin Jenkinson, City Attorney
Daryl Grigsby, Public Works Director

Date: February 21, 2008

Subject: CASCADE WATER ALLIANCE –LAKE TAPPS PURCHASE AGREEMENT

RECOMMENDATION

It is recommended that Council hear a presentation from the Cascade Water Alliance about the Lake Tapps purchase and authorize Cascade Board member, Council Member Burleigh (Mayor Lauinger - alternate), to support the purchase agreement between the Cascade Water Alliance and Puget Sound Energy for Lake Tapps.

BACKGROUND

On July 3, 2001, the Kirkland City Council authorized support of a Memorandum of Understanding between Cascade Water Alliance (Cascade) and Puget Sound Energy (Puget) to develop a Lake Tapps drinking water right. The Department of Ecology granted a water right for Lake Tapps to Puget on June 30, 2003, which was appealed by the Puyallup Tribe of Indians, the Muckleshoot Indian Tribe and the cities of Auburn and Buckley. In August 2004, as a result of the appeals, the Pollution Control Hearings Board remanded the Lake Tapps Water Right to Ecology "for modification to reflect the change to non-hydropower conditions." The Department of Ecology is in the process of modifying the Report of Examination to reflect the hydropower change.

In June 2004, the Cascade Board directed Cascade's General Manager to proceed with negotiations for the acquisition of the Lake Tapps water rights and the assets and facilities necessary to put the water rights to beneficial use. Cascade and Puget have also been negotiating a settlement with the Puyallup Tribe of Indians and the Muckleshoot Indian Tribe to satisfy the Tribes' concerns with the water right.

Cascade and Puget have reached tentative agreement for the purchase of Lake Tapps. The due diligence evaluation of potential environmental contamination issues and assessment of physical assets is complete. The draft Asset Purchase Agreement prepared by Cascade legal counsel has been reviewed by Cascade Member staff, including Robin Jenkinson and others at the City of Kirkland. The Agreement is consistent with previous Cascade Board and Kirkland Council direction as well as rate projections. The Cascade Board is currently planning to take action on the Agreement at its regular meeting on March 26, 2008.

As the Agreement involves purchase of a natural resource, SEPA (State Environmental Policy Act) review is being conducted. The review should be complete and made available for a 30-day public comment period in late February. Cascade will consider the comments received prior to the Board Meeting.

Kirkland's Cascade Board Representative Council Member Burleigh and alternate Mayor Lauinger along with Public Works staff and Robin Jenkinson will continue to keep the Council informed of activities. Please do not hesitate to contact us if you have any questions. A copy of the draft Asset Purchase Agreement is available for review in the Council Study. Additional copies are available upon request to Erin Leonhart (ext. 3931).