

CITY COUNCIL REGULAR SESSION

Resolution authorizing execution of Amendment No. 1 to the Agreement for Construction, Operation, and Maintenance of Joint-Use Water Storage and Pumping Facility (date 9/28/1990) with the City of Redmond.

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EXECUTIVE SUMMARY

This Resolution authorizes an amendment to the existing agreement between the cities of Bellevue and Redmond regarding the jointly owned NE 40th drinking water reservoir and pump station.

In 1990, Bellevue and Redmond partnered to construct a jointly owned reservoir and pump station to meet a shared need for additional water storage. An interlocal agreement was executed to describe cost-sharing for initial construction, land acquisition, and ongoing normal operations (power and labor). However, the facilities agreement did not explicitly include all of the long-term asset management costs associated with owning and maintaining these facilities.

Amendment No. 1 is intended to (1) fill gaps in the facilities agreement; (2) clarify that all costs necessary to maintain reliable customer service, optimize operational efficiency, adapt to changes in technology, and conform to current codes and standards are mutually-beneficial, shared costs; and (3) create a framework for the shared planning and budgeting for future projects.

RECOMMENDATION

Move to adopt Resolution 9983.

BACKGROUND/ANALYSIS

Bellevue's and Redmond's water systems are inter-connected in the Overlake and Microsoft campus areas. In these areas, Cascade Water Alliance supplies water to Redmond through certain joint-use water mains. The terms related to the supply of water and the joint-use mains are contained in three agreements enacted in 1990, 1998, and 2005. Copies of these *supply* agreements are available in the Council Library.

In 1990, in response to growth and to meet a shared need for additional water *storage*, Bellevue and Redmond partnered to build the NE 40th Reservoir and Pump Station, located at 4075 148th Avenue NE in Bellevue (behind the North Bellevue Community Center). Separate from the three water *supply* agreements referenced above, an Agreement for Construction, Operation and Maintenance of Joint-Use Water Storage and Pumping Facility (hereinafter "facilities agreement") addressed cost-sharing for the NE 40th Reservoir and Pump Station.

Under the facilities agreement, Redmond agreed to reimburse Bellevue 44 percent of certain costs related to the reservoir and pump station. In exchange, Redmond obtained a 44 percent interest in the property and facilities. The identified costs included the original design and construction, land

acquisition, and ongoing maintenance such as landscaping, minor repairs (up to \$5,000), Bellevue staff labor, electricity, and other small costs.

Amendment No. 1 addresses gaps in the facilities agreement regarding shared costs for mutually beneficial capital improvements. As reservoir and pump station facilities age, effective management requires proactive measures to maintain reliable customer service, optimize efficiency, adapt to changes in technology, and conform to current codes and standards. This includes specialized inspections, condition assessments, preliminary planning and engineering, performance analyses and audits, design, public outreach, permitting, seismic retrofits, construction, and other work that is not identified in the 1990 facilities agreement. This Amendment No. 1 explicitly identifies these as mutual-beneficial, shared costs, and creates a structure for the cities to identify projects, agree on scope, budget the necessary funding, and execute future project agreements as needed.

Some examples of potential future capital projects include safety railings on the reservoir roof, replacement of pump station telemetry equipment, site work to improve access to underground vaults, pavement repairs, and improved sealing of reservoir penetrations to protect water quality.

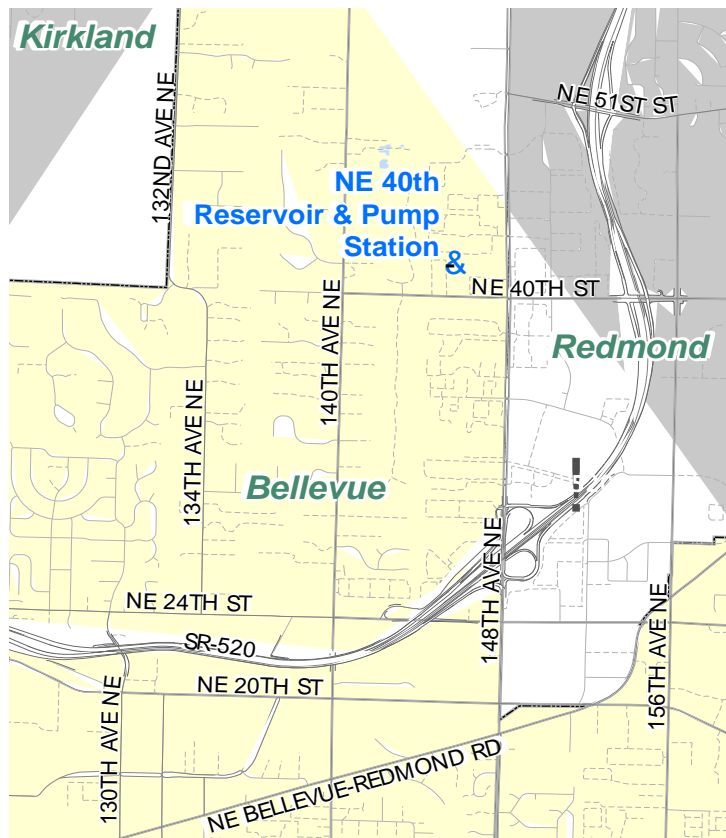


Figure 1: NE 40th Reservoir & Pump Station Vicinity

POLICY & FISCAL IMPACTS

Policy Impact

Council approval is required to execute an interlocal agreement, or an amendment thereto, with another government. RCW 39.34.080; Procurement Policy at 43. This action is necessary to meet Bellevue's responsibility to provide reliable water service.

Fiscal Impact

This agreement clarifies and streamlines cost-sharing between the two cities for future capital improvements to jointly owned facilities. Whereas there is no immediate fiscal impact, there will be future financial benefit to Bellevue rate payers. If this Amendment No. 1 is not adopted, the City of Bellevue would still be responsible to make necessary improvements as needed.

OPTIONS

1. Adopt the Resolution authorizing execution of Amendment No. 1 to the Agreement for Construction, Operation, and Maintenance of Joint-Use Water Storage and Pumping Facility (date 9/28/1990) with the City of Redmond.
2. Do not adopt the Resolution and provide alternative direction to staff.

ATTACHMENTS & AVAILABLE DOCUMENTS

- A. Amendment No. 1 to the Agreement for Construction, Operation and Maintenance of Joint-Use Water Storage and Pumping Facility
Proposed Resolution No. 9983

AVAILABLE IN COUNCIL LIBRARY

Agreement for Construction, Operation and Maintenance of Joint-Use Water Storage and Pumping Facility (1990)

Agreement for Water Distribution between the City of Bellevue and the City of Redmond (2005)

Agreement for Wholesale Water Supply between the City of Bellevue and the City of Redmond (1998)

Agreement for Wholesale Water Supply between City of Bellevue and the City of Redmond (1990)