

**City of Oak Harbor
City Council Agenda Bill**

Bill No. C/A 6.m
Date: July 7, 2015
Subject: Resolution 15-24: Staysail RV
Park/Windjammer Park Lease
Agreement Relating to the
WWTP

FROM: Cathy Rosen, Public Works Director

FROM: Joe Stowell, City Engineer

INITIALED AS APPROVED FOR SUBMITTAL TO THE COUNCIL BY:

- Scott Dudley, Mayor
- Larry Cort, City Administrator
- Doug Merriman, Finance Director
- Nikki Esparza, City Attorney, as to form

RECOMMENDED ACTION

Adopt Resolution #15-24 authorizing the Mayor to sign a temporary lease agreement in the amount of \$132,000/year between the general and sewer fund for use of the Staysail RV Park and Windjammer Park during the wastewater treatment plant construction.

BACKGROUND / SUMMARY INFORMATION

On January 6, 2015, City Council adopted Resolution #14-43 determining the laydown area for construction of the new wastewater treatment plant. The laydown area included portions of the Staysail RV Park and Windjammer Park which are general fund assets. Since the new wastewater treatment plant is a sewer fund asset and the park facilities are general fund, state accounting principles require a transfer of revenue between the funds.

During construction most of the impacts will be temporary and a lease agreement prepared to formally account for the inter-fund activity. The attached Resolution #15-24 provides for an annual lease amount of \$132,000 to account for impacts to the park, including loss of general fund revenue from Staysail Park. This resolution is timed with the start of construction at the treatment plant site.

This resolution provides for temporary use of the park facilities. Any permanent inter-fund transfers will be presented to council at a later date.

FISCAL IMPACT

Funds Required: \$132,000/year (see lease agreement)

Appropriation Source: Wastewater Fund

PREVIOUS COUNCIL / BOARD / CITIZEN INPUT

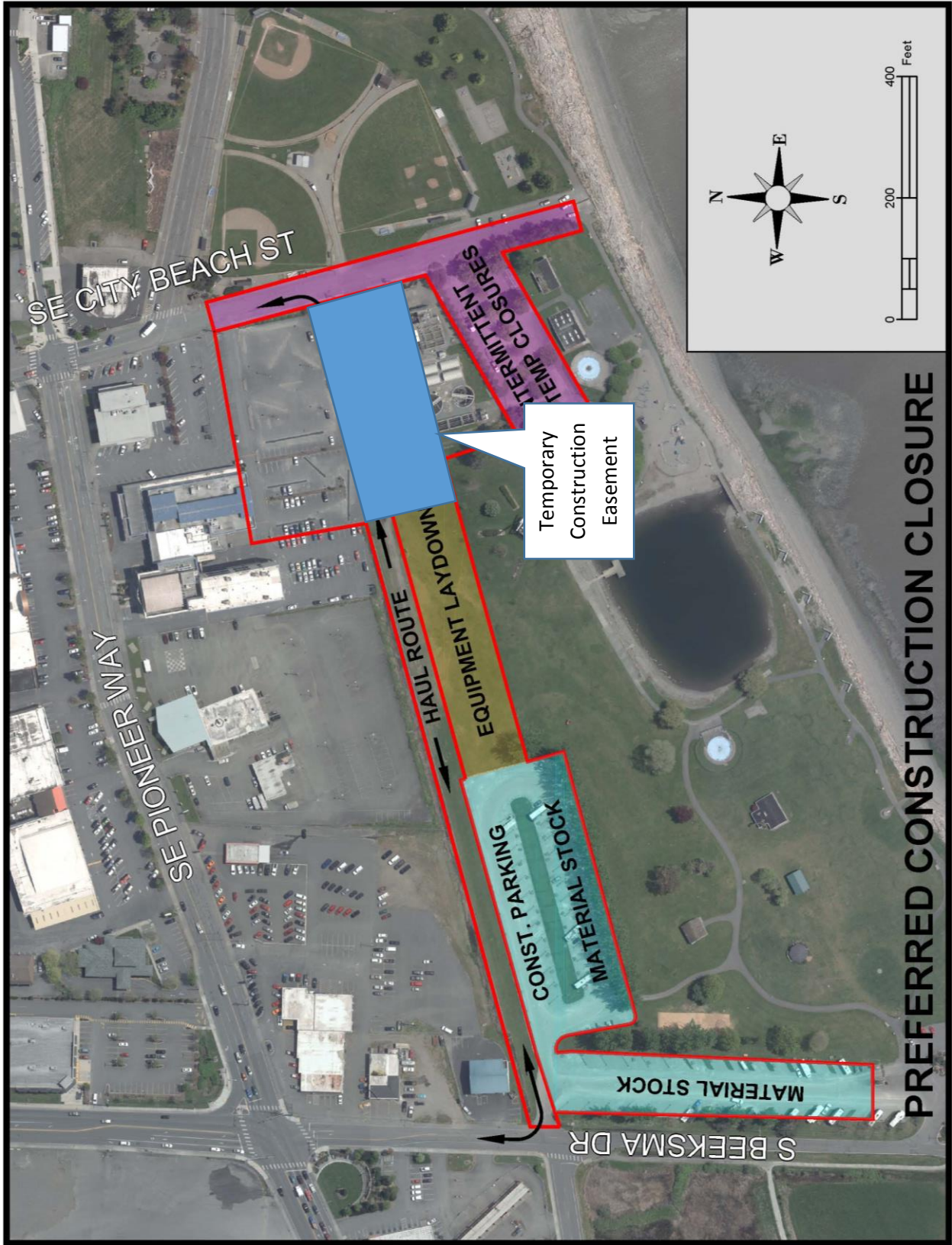
The laydown area for the wastewater treatment plant and closure of the RV Park was discussed at the September 24, 2014, October 22, 2014, April 7, 2015 City Council Workshops.

January 6, 2015 -- City Council adopted Resolution #14-43 defining the Construction Work Location for the Wastewater Treatment Plant.

ATTACHMENTS

1. [Exhibit "A" - Lease area](#)
2. [Resolution #14-43](#)
3. [Resolution #15-24](#)

EXHIBIT "A"



PREFERRED CONSTRUCTION CLOSURE

Exhibit A

CITY OF OAK HARBOR
RESOLUTION NO. 14-43

**A RESOLUTION OF THE OAK HARBOR CITY COUNCIL
DEFINING THE CONSTRUCTION WORK LOCATION FOR THE
WASTE WATER TREATMENT PLANT
AS PRESENTED THROUGH THIS RESOLUTION**

WHEREAS, the 2008 City of Oak Harbor Comprehensive Sewer Plan identifies the need for a new wastewater treatment facility to meet future growth and to replace aging and at-risk infrastructure; and

WHEREAS, recognizing that the City of Oak Harbor is connected to the pristine waters of Puget Sound, specifically Oak Harbor Bay and Crescent Harbor Bay, the City's goal is to obtain the highest level of water quality practical while recognizing the limitations of the rate payers of the City to fund the improvements; and

WHEREAS, National Pollution Discharge Elimination System Waste Discharge Permit No. WA0020567 from the Washington State Department of Ecology has directed the City of Oak Harbor to increase wastewater treatment capacity by December 31, 2017; and

WHEREAS, the City of Oak Harbor Capital Improvement Plan of 2015-2020 specifically lists the Wastewater Treatment Plant Facilities Plan as a prioritized public project to be undertaken within the capital improvement plan time period; and

WHEREAS, on August 14, 2012, City Council adopted Resolution 12-17 selecting the Windjammer Park site using a membrane bioreactor process (MBR) to best meet the needs of the City; and

WHEREAS, on March 18, 2014, City Council authorized the Mayor to sign closing documents, lease back to Whidbey Island Bank and other documents as needed to secure the purchase the Whidbey Island Bank building for the purpose of constructing the wastewater treatment plant; and

WHEREAS, on July 1, 2014, City Council authorized the Mayor to sign a contract with Hoffman Construction to perform General Contractor / Construction Manager (GC/CM) preconstruction services for the new wastewater treatment plant; and

WHEREAS, the City of Oak Harbor encouraged Hoffman Construction to explore ways to add value and reduce costs for constructing the new wastewater treatment plant; and

WHEREAS, Hoffman Construction proposed a potential savings to the City by maintaining equipment and material storage close to the proposed construction site; and

WHEREAS, the use of the Staysail RV Park has been chosen to have the least impact to activities enjoyed in Windjammer Park; and

WHEREAS, the use of the Staysail RV Park provides a location with the least impact on the shoreline environment; and

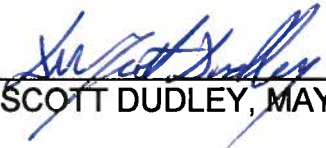
WHEREAS, the City of Oak Harbor finds the proposed construction area for the new wastewater treatment plant provides the greatest value for the utility rate payers.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Oak Harbor as follows:

1. The City shall allow Hoffman Construction to use those portions of the park illustrated in the attached exhibit for construction purposed.
2. The City shall close the Staysail RV Park on February 1, 2015 until such time as construction is complete (estimated to be January 1, 2018)
3. The City shall compensate the general fund for lost revenue due to the closure of the Staysail RV Park in an amount equal to the pro-rated value of the net loss in revenue as compared to the last three years.

PASSED by the City Council and approved by its Mayor this 6th day of January, 2015.

CITY OF OAK HARBOR

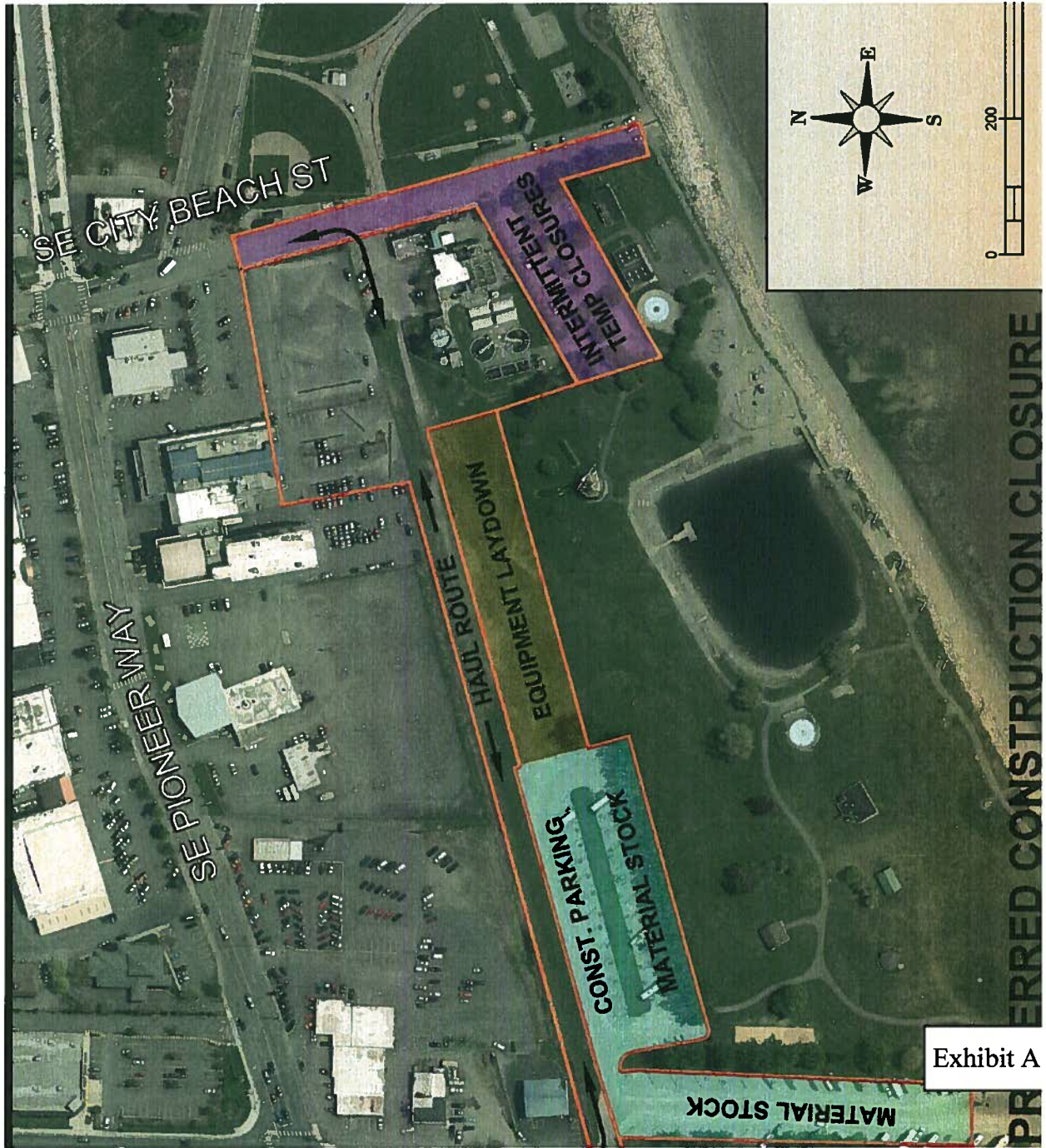

SCOTT DUDLEY, MAYOR

Attest:


Anna Thompson, City Clerk

Approved as to form:


Nikki Esparza, City Attorney



RESOLUTION NO. 15-24

A RESOLUTION RELATING TO CITY-OWNED PROPERTY; AUTHORIZING THE EXECUTION AND CONVEYANCE OF A TEMPORARY ACCESS LEASE AGREEMENT MORE PARTICULARLY DESCRIBED IN EXHIBIT "A" (THE "TEMPORARY ACCESS LEASE PREMISES"), ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE.

WHEREAS, this temporary access lease agreement granted by and between the City of Oak Harbor General Fund #001 (the "Grantor"), and the City of Oak Harbor Wastewater Fund #402 (the "Grantee"), both of whose mailing address is 865 SE Barrington Drive, Oak Harbor, WA 98277, and

WHEREAS, that Grantor, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby grants to the Grantee, its successors, contractors, agents, and assigns, a Temporary Access Lease, more particularly described in Exhibit "A" (the "Temporary Access Lease Premises"), attached hereto and incorporated herein by reference, and

WHEREAS, the Grantee will give to the Grantor, in fair consideration of the granting of a temporary access lease, an annual payment in the amount of \$132,000, representing the forgone revenue to have been earned by the General Fund #001 as calculated by the actual receipt of campground receipt fees received from the temporary lease premises during calendar year 2014, and

WHEREAS, the temporary lease agreement shall be used by the Grantee for the purpose of access to and construction of public utility improvements. This temporary lease agreement shall expire three years from the date of execution or upon completion of the public utility construction, whichever occurs first.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Oak Harbor that:

Section 1. A temporary access lease agreement is hereby authorized between the Grantor and Grantee for a period of three years from the date of execution or upon completion of the public utility construction, whichever comes first.

Section 2. In consideration for the granting of the temporary lease agreement, the Grantee will pay the Grantor the annual rate amount of \$132,000 per year. Annual rate amount shall be prorated should lease term expire prior to the end of any one year period.

Section 3. This resolution shall become effective upon its passage and approval.

PASSED and approved by the City Council this 7th day of July, 2015.

THE CITY OF OAK HARBOR

SCOTT DUDLEY, MAYOR