

TO: JAMES L. APP, CITY MANAGER
FROM: JOHN R. McCARTHY, DIRECTOR OF PUBLIC WORKS
SUBJECT: SALINAS DAM EXPANSION
DATE: AUGUST 03, 1999

Needs: For the City Council to receive the attached update regarding the Salinas Dam Project by the City of San Luis Obispo.

- Facts:**
1. The City of San Luis Obispo has been working on expansion of the Salinas Dam project for a number of years.
 2. The expansion of the dam calls for raising the dam height 19 feet, increasing the storage capacity from 24,000 acre feet to 42,000 acre feet.
 3. The dam was built in 1941 to supply water to Camp San Luis Obispo.
 4. A full EIR was done on the dam proposal and the City did comment on that EIR. The City of San Luis Obispo most recently has allocated \$828,000 for a study to examine several questions arising from the proposed project. Those items would include transfer of ownership from the Army Corp of Engineers to San Luis Obispo County, to detail mitigation plans, analyses of the dams structural stability, and impact on steel-head trout.
 5. This project is intended to supplement the City of San Luis Obispo's water supply and would increase their supply by approximately 1,650 acre feet per year.
 6. The primary issues surrounding this project are inundation of 395 acres of shoreline, including sensitive biological reserves and habitat, dam safety, and downstream Salinas River flow reduction.

**Analysis
and**

Conclusion: The City of San Luis Obispo continues toward development of the Salinas Dam project. This project is seen as an alternate project to the Nacimiento Water Project. Since the City of San Luis Obispo is also involved with the Nacimiento Project, according to the city staff, the Nacimiento Project is first priority over the Salinas Dam project. However should the Nacimiento Project not go forward in a timely manner, the City is pursuing steps to proceed with the raising of the Salinas Dam.

This recent action by the City is the next step forward in determining the impacts of the Dam expansion project and according to the City staff this study would take approximately two years to complete.

It has been discussed previously that there are concerns in the North County regarding impacts of the capture of additional water on the down stream users. Communities such as Templeton, Atascadero, and Paso Robles, as well as the agricultural communities adjacent to the river, may be impacted.

**Policy
Reference:** None

**Fiscal
Impact:** None

- Options:**
- A. For the City Council to request the City Attorney review this matter and provide action options for the Council.
 - B. For the City Council to receive and file this report.
 - C. Direct staff to amend, modify, or reject the above options.

Attachments: ()

- 1)
- 2)



council agenda report

CITY OF SAN LUIS OBISPO

RECEIVED	
Meeting Date	JUL 23 1999
Item Number	

FROM: John Moss, Utilities Director
Prepared By: Gary W. Henderson, Water Division Manager

SUBJECT: Contract with URS Greiner Woodward Clyde Consultants for the Salinas Reservoir Expansion Project.

CAO RECOMMENDATION

By motion, (1) Approve the contract with URS Greiner Woodward Clyde for the Salinas Reservoir Expansion Project for a total compensation not to exceed \$828,610, and, (2) Approve advancing project funding identified as second year CIP project funding for this project in the amount of \$351,200.

DISCUSSION

Background

The City of San Luis Obispo has been pursuing the Salinas Reservoir Expansion Project for many years to increase available water supplies to meet existing and future community water needs. The project involves the installation of operable gates in the spillway which would increase the maximum water surface elevation by 19 feet. The project would increase the storage capacity from 23,843 acre feet (af) to 41,792 af which would increase the safe annual yield from the reservoir by 1,650 acre feet per year (afy).

In 1988, the City hired the firm of Woodward-Clyde Consultants to prepare studies relative to the potential expansion of the reservoir. The final studies associated with preliminary geotechnical evaluation, seismic analysis, increased reservoir yield, and evaluation of alternatives was completed in December of 1990. The studies indicated that with modifications in the area of the right abutment, the dam could safely be expanded with the installation of spillway gates.

Following completion of the feasibility studies, the City contracted with Woodward-Clyde to prepare the environmental impact report (EIR) for the proposed expansion project. The initial draft EIR for the Salinas Reservoir Expansion Project was released for public comment in November of 1993. The public comment period closed on January 3, 1994 and numerous comments and concerns were raised by individuals and agencies relative to the project related impacts. Based on the comments raised, the City Council approved an amendment to the contract for Woodward-Clyde to prepare a revised draft EIR for the project. The revised draft EIR was released for public comment in May of 1997. The Final EIR for the project addressed the comments received on both the initial and revised drafts of the EIR. The Final EIR was certified by the City Council on June 2, 1998 but the City has not made the determination to proceed with the project and therefore has not filed the formal "Notice of Determination" for the project.

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On March 23, 1999, the City Council had a study session relative the "Water Supply". The meeting focused on the water supply projects currently being pursued by the City to meet existing and future city water demands. In addition to an aggressive ongoing water conservation program, the City is pursuing the Water Reuse Project, Nacimiento Pipeline Project and the Salinas Reservoir Expansion Project. While the City is very supportive of the Nacimiento Project, there are indications that the project may not be supported at this time by all the agencies which are currently involved in the project. If the project fails to move forward in the near future, the City will need to quickly move forward with the Salinas Reservoir Expansion Project to meet our communities water needs. At the study session in March, the Council agreed that the City should move forward with the additional work for the Salinas Reservoir Expansion Project which is outlined in more detail in the following sections and in Exhibit A and B to this report (Exhibit A & B are in the Council Office for review).

Additional Work Necessary for the Project

There are several areas of work associated with the potential expansion of the reservoir which must be addressed prior to initiating final design and construction. The four main issues are 1.) transfer of ownership of the dam and surrounding property, 2.) resolution of the protest to the City's water rights permit, 3.) development of detailed mitigation plans, and 4.) additional structural analysis required for State Division of Dam Safety (DSOD) certification of the dam following ownership transfer. The work required for each of these areas is discussed in detail in the following sections.

Ownership

The U.S. Army Corps of Engineers (Corps) owns the dam, pipelines and pumping station as well as 4,400 acres surrounding the lake. The dam has not served a federal purpose for more than 40 years and the Corps has desired for many years (30+) to transfer the ownership of the dam and surrounding property to a local agency. For many years the City and the County have disagreed as to which agency should acquire ownership of the facilities and land. In 1992, the City Council supported transfer of the dam and property to the San Luis Obispo Flood Control and Water Conservation District (District). The District currently operates the dam and water delivery facilities. The intent is to maintain the existing conditions with the District providing operation and maintenance activities relative to the dam and pipelines. The County General Services Department would continue to operate and maintain the park and recreation facilities and management of the property surrounding the lake.

City and County staff have developed the draft agreements relative to transfer of the property and operations and maintenance of the facilities. There are three separate agreements: 1.) ownership transfer, 2.) operations and maintenance of dam and related facilities, and 3.) operation and maintenance of recreation facilities and surrounding property. These agreements are expected to be presented to the Council for approval later this year and then presented to the Board of Supervisors for their approval.

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The work required to allow the property to be transferred from the Corps to a local agency includes the following:

National Environmental Policy Act (NEPA) compliance

- ◆ Hazardous Material Evaluation

Cultural Resources Compliance

- ◆ Property Boundary Line Delineation

- ◆ Coordination with Corps and Other Agencies

The detailed scope of services for each of these areas is outlined in the proposal from URS Greiner Woodward Clyde dated June 25, 1999 (Exhibit A). The estimated budget for the activities listed above is \$292,910.

Water Rights Permit Hearing

The City's water rights permit (#5882) was issued by the State Water Resources Control Board (SWRCB) on June 4, 1941 for diversion and storage of up to 45,000 acre feet per year of water from the Salinas River. Water rights permits are issued for a period of time (up to 10 years) to allow the permittee the ability to put the water to full beneficial use. Once the permittee has used the maximum amount of water allowed by the permit, they can request a "license" for that amount. Since the gates were not installed during the original construction, the maximum permitted storage has not been accomplished and the City has requested numerous time extensions to our permit. This is a common practice for municipalities that are not using their full permitted water rights but will need the water to meet future growth within the community.

In 1991, the City requested a ten year time extension for our permit from the SWRCB. The time extension request was publicly noticed and one protest was received by the SWRCB during the formal protest period. The protest was filed by the California Sportsfishing Protection Alliance (CSPA) which claimed potential impacts to downstream fishery resources. The resolution of the protest will require a hearing before the SWRCB. Preparation for the hearing will require coordination with legal counsel and the consultants that prepared the analysis relative to downstream flow impacts, biological resources, etc.

The detailed scope of services for URS Greiner Woodward Clyde support for the hearing are outlined in Exhibit B. The estimated budget for these services is \$25,000. In addition to these costs, it is estimated that the legal counsel for the hearing will cost an additional \$25,000. A separate contract for legal services will be brought to Council for approval later this summer.

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The Final Environmental Impact Report for the Salinas Reservoir Expansion Project was certified by the City Council on June 2, 1998. The "Notice of Determination" (NOD) has not been filed for the project and the final decision to proceed with the project has not been made. Prior to filing the NOD, the detailed mitigation plans must be prepared so that "findings" for potential project related impacts can be made.

Development of the detailed mitigation plans will require negotiations with private property owners in the vicinity of the reservoir. Surveys of potential mitigation sites will be undertaken to determine whether the site will be an appropriate site for proposed enhancements. The detailed work scope is outlined in Section 2 of Exhibit A and is estimated to cost \$174,200.

Dam Engineering Studies

The Salinas Dam is currently owned by the U.S. Army Corps of Engineers and as such falls under the federal guidelines for dam safety and oversight. Following the transfer of ownership to a local agency, the dam will be under the jurisdiction of the Department of Water Resources, Division of Safety of Dams (DSOD). Additional analysis is required to ensure that the dam can be certified by DSOD following the ownership transfer. The additional analysis includes hydrology and hydraulics studies, concrete sampling of the existing structure, seismic analysis, and abutment stability review.

Preliminary studies were completed in 1990 relative to the structural adequacy of the existing dam. Since that time, some of the design criteria for dams have been modified and more detailed analysis is required to insure that the dam can be expanded and meet the requirements of DSOD. The additional work related to the dam engineering studies are outlined in Section 4 of Exhibit A. The estimated budget for completion of these studies is \$336,500.

Summary

The additional work associated with the Salinas Reservoir Expansion Project, as outlined in this staff report and the attached exhibits, involves four main areas of work: 1.) transfer of ownership of the dam and surrounding property, 2.) resolution of the protest to the City's water rights permit, 3.) development of detailed mitigation plans, and 4.) additional structural analysis required for State Division of Dam Safety (DSOD) certification of the dam following ownership transfer. The total budget related to these activities is estimated at \$828,610. The nine to ten month schedule for the work (as shown in Exhibit A) is very optimistic and work is likely to extend into the next fiscal year.

ALTERNATIVES

- ***Use in-house staff resources*** The studies and additional analysis require technical expertise which is beyond the capabilities of the city staff. There are some areas which are currently

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proposed to be handled by city staff and these areas could be expanded if staff resources were available. Due to current city staff workloads, assumption of additional workload responsibilities would have impacts in other areas which would not be acceptable. Therefore, this alternative is not recommended.

Delay this work. This option is not consistent with prior Council direction. The delay could impact the City's water rights relative to expanding the capacity of the reservoir. Delaying work to a later date would also impact the City's ability to quickly move forward with the project if the Nacimiento Project fails to move forward. For these reasons, this alternative is not recommended.

FISCAL IMPACT

Approval of the contract with URS Greiner Woodward Clyde will provide for compensation for a total sum not to exceed \$828,610. Funding for this project will be provided from the Water Fund. The Salinas Reservoir Expansion Project is identified in the 1999/01 Financial Plan, Appendix B on pages 63-67. There is \$237,500 available from the 1998-99 budget, \$240,000 identified in the 1999/00 approved budget for additional studies, and \$930,000 identified in the 2000-01 budget for studies and design. This represents a total budget for the next two years of \$1,407,500. The design work associated with the dam engineering analysis was not anticipated to occur until the 2000-01 fiscal year at the time the Capital Improvement Plans were being prepared. During development of this Phase I consultant services agreement for the Salinas Reservoir Expansion Project, it was determined that some of the analysis necessary for design should occur earlier than originally planned, that is in the 1999-00 fiscal year. The approval of the contract for Phase I work is \$828,610. This will require approval to bring funding forward from the second year of the financial plan in the amount of \$351,200. \$578,800 will remain available in the 2000-01 budget for completing the additional design work associated with the next phase of the project.

Approved Project Funding				
Phase	Prior Budget	99-00	00-01	Total
Study	\$237,500	\$240,000	\$230,000	\$707,500
Design			\$700,000	\$700,000
Total	\$237,500	\$240,000	\$930,000	\$1,407,500

Recommended Project Funding				
Phase	Prior Budget	99-00	00-01	Total
Study	\$237,500	\$591,200	\$-0-	\$828,700
Design			\$578,800	\$578,800
Total	\$237,500	\$591,200	\$578,800	\$1,407,500

Attachment: Consultant Contract Agreement for Phase I for the Salinas Reservoir Expansion.
Council Office for Review:

Exhibit A: Phase I Scope of Services for Salinas Reservoir Expansion Project

Exhibit B: Scope of Services to Support for Support for the SWRCB Hearing



city of san luis obispo

955 Morro Street • San Luis Obispo, CA 93401

July 23, 1999

Mr. Ken Weathers, Chairman
North County Water Resources Forum
P.O. Box 6075
Atascadero, CA 93423

Subject: Salinas Reservoir Expansion Project additional studies.

Dear Ken and Forum Members:

On July 20, 1999, the Council for the City of San Luis Obispo approved an agreement with URS Greiner Woodward-Clyde consultants for additional studies and work associated with the Salinas Reservoir Expansion Project. Since so much has been said relative to this action by the City, I thought it would be prudent to clarify the action of the City with you.

The work approved by our Council will address four primary areas:

1. The transfer of the property at the dam and surrounding the lake from the Army Corps of Engineers (ACOE) to a local agency, most likely the County Flood Control District. Because of the Federal involvement in the transfer, this work will require full National Environmental Policy Act (NEPA) compliance, property surveys, cultural and historic resources survey, hazardous materials evaluation and special legislation to facilitate the transfer.
2. CEQA compliance. As you know the City Council certified the EIR for the expansion project on June 2, 1998. We have not yet filed the Notice of Determination (NOD) for the project and EIR however, because we have not completed the final mitigation and mitigation monitoring plans. These plans will require property surveys, soils analysis, negotiations with property owners, etc. This work is necessary to determine the costs and true extent of mitigation feasible so that Council may make the necessary findings to file the NOD.
3. Dam Engineering. Additional engineering study and analysis relative to the structural safety of the dam is required to not only determine the structural capability of the dam under an increased storage scenario, but also under the current storage scenario. Should the transfer of the dam from the ACOE to a local agency occur, something the City supports even if the actual expansion project does not proceed, the dam will then be regulated under the State of California Division of Safety of Dams (DSOD). DSOD has stringent safety requirements for dams and we need to ensure that the Salinas Dam meets these requirements, now and in the future.



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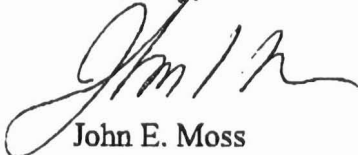
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4. **Water Rights.** The City has long been pursuing the continuation and protection of its water rights to Salinas through a request for a time extension to our water rights permit from the State Water Resources Control Board (SWRCB). The SWRCB had delayed consideration of the City's request until completion of the project EIR which would be used to answer the questions relative to impacts to downstream fisheries resources, primarily steelhead trout, raised in a protest filed by the California Sportfishing Protection Alliance (CSPA). While we had hoped that the protest dismissal could have been handled administratively, it now appears that a hearing will be required and will require the assistance of our consultants relative to the biological and hydrologic analysis contained in the EIR.

All of the above work is necessary as a precursor to the actual decision to proceed forward with completion of the expansion project. While the City was hopeful that we would have been able to avoid many of these costs and focus solely on the Nacimientto project, the delay in that project's EIR and the subsequent full commitment to that project through binding participation agreements, the City has been forced to proceed with this additional work to ensure that we will have the additional supplies our community needs when we need them. We can not afford the cumulative delays that could occur if we were to do nothing until the decision on Nacimientto is final. That said, I must continue to emphasize that the Nacimientto project is the City's preferred project and that we remain committed to its completion.

I have attached a copy of the staff report which was considered by Council on July 20th for your review. The actions approved in this report mirror the direction provided by our Council at their March 23, 1999 Study Session on water supplies, which we have previously discussed with the Forum. I would be happy to discuss the City's actions further at a future Forum meeting or with any of the Forum agency Boards and Councils at their meetings.

Sincerely,



John E. Moss
Utilities Director

c: w/o attachment

SLO City Council

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