



SUMMARY REPORT

Agenda Date: 4/19/2022

To: Board of Directors, Sonoma County Water Agency

Department or Agency Name(s): Sonoma County Water Agency

Staff Name and Phone Number: Don Seymour 547-1925 Joan Hultberg 547-1902

Vote Requirement: 4/5th

Supervisory District(s): Countywide

Title:

Russian River Watershed Water Resiliency Planning Project

Recommended Action:

- A) Adopt a Resolution authorizing adjustments to the Board Adopted Budget for Fiscal Year 2021-2022 for the Russian River Projects Fund in the amount of \$1,650,172 for the Russian River Watershed Water Resiliency Planning Project (4/5th Vote Required)
- B) Authorize Sonoma County Water Agency's General Manager to negotiate and execute three professional services agreements for 1) public outreach and organization services (\$300,000), 2) facilities assessments and feasibility studies (\$650,000), and 3) water supply reliability studies (\$650,000) in a form approved by County Counsel. Agreement terms will expire on or before August 1, 2025.
- C) Authorize Sonoma County Water Agency's General Manager to negotiate and execute a cooperative agreement with Mendocino Inland Water and Power Commission and/or Potter Valley Irrigation District in a form approved by County Counsel to reimburse Sonoma Water for costs not covered by grant funding for work on the Russian River Watershed Water Resiliency Planning Project that exclusively benefits the Potter Valley area (approximately \$70,000). Agreement term will expire on or before August 1, 2025.
- D) Authorize Sonoma County Water Agency's General Manager to negotiate and execute amendments to the above agreements, as required to complete work and maintain compliance with grant requirements.

Executive Summary:

For over 100 years, the Potter Valley Project (PVP) has provided a critical source of water for over 650,000 people in Mendocino, Sonoma, and Marin counties and for threatened and endangered fish in the Russian River. Pacific Gas & Electric Company (PG&E) releases water from Lake Pillsbury to meet minimum instream flow requirements on the Eel River and to divert water through the PVP to generate electricity and maintain minimum instream flow requirements in the East Fork Russian River. PG&E's current project license for the PVP expires in April 2022. The future of the PVP is unclear, and it is uncertain if the transfer of water from the Eel River to the Russian River will continue. In light of this uncertainty, additional water supply planning must be undertaken in the Russian River watershed to ensure water supply resiliency.

Recently, the California Department of Water Resources (DWR) awarded Sonoma Water a grant of \$2,086,172 to begin this planning. The goals of the planning project are to develop long-term strategies to provide water

supply resiliency to the Russian River in the face of exceptional drought, continuing effects of climate change, and the prospect of PG&E's decommissioning of the PVP. This work will focus on three main tasks:

- Establishing a Russian River Water Users Forum comprised of water users that are dependent on PVP water to create sources of funding for continuing water transfers in the Russian River watershed.
- Investigating acquisition of key components of the PVP from PG&E and modifying them to function as a water diversion-only facility, including estimating the cost of modifications and operations, and risk of ownership.
- Analyzing and developing concepts and strategies to improve water supply reliability in Potter Valley and along the Russian River in light of potential changes to PVP diversions as well as under future drought and climate change conditions.

Discussion:

HISTORY OF ITEM/BACKGROUND

Sonoma County Water Agency (Sonoma Water) provides wholesale water from the Russian River to cities and water districts in Sonoma and Marin counties. Collectively, these cities and districts serve a population of approximately 600,000 people. The Russian River drains 1,485 square miles of Sonoma and Mendocino counties and includes two major reservoir projects that provide water supply for the Russian River watershed: Lake Mendocino on the East Fork of the Russian River and Lake Sonoma on Dry Creek. Both reservoirs are dual-purpose in that they provide flood protection (managed by the U.S. Army Corps of Engineers) and water supply storage (releases managed by Sonoma Water). Sonoma Water, as local sponsor, controls, and coordinates water supply releases to meet downstream demands from agricultural, commercial, and residential individual water uses and other public water systems and to maintain minimum instream flow requirements for beneficial uses, including recreation and fish habitat.

The PVP hydroelectric project owned by PG&E provides a critical interbasin water transfer from the Eel River to the East Fork of the Russian River in Potter Valley. Some of the water discharged from the powerhouse is diverted into canals from which the Potter Valley Irrigation District (PVID) receives water under a water supply agreement with PG&E and its own appropriative water rights license. The remaining water discharged from the powerhouse not consumptively used by PVID flows down the East Fork Russian River into Lake Mendocino. For over 100 years, the PVP has provided a critical source of water for people and businesses in Mendocino, Sonoma, and Marin counties and for threatened and endangered fish in the Russian River. PG&E releases water from Lake Pillsbury to meet minimum instream flow requirements on the Eel River and to divert water through the PVP to generate electricity and maintain minimum instream flow requirements in the East Fork Russian River. PG&E's current project license for the PVP expires in April 2022, and license surrender proceedings are likely to begin around that time. It is uncertain if the transfer of water from the Eel River to the Russian River will continue in the future. In light of this uncertainty, additional water supply planning must be undertaken in the Russian River watershed to ensure water supply resiliency. This planning will be performed by Sonoma Water staff and consultants.

The goals of the subject agreements are to develop long-term strategies to provide water supply resiliency to the Russian River in the face of exceptional drought, continuing effects of climate change, and the prospect of PG&E's surrender of the PVP.

State Grant Funding from the 2021 Urban and Multi-benefit Drought Relief Grant Program

The California Budget Act of 2021 allocated \$300 million to DWR for interim and immediate drought relief to

urban communities and multi-benefit projects. On November 2, 2021, the Board approved a resolution authorizing the application, acceptance, and execution of a grant agreement with DWR, in the event a project was selected for funding. On November 18, 2021, staff submitted an application for funding a planning project that will result in long-term strategies to provide water supply resiliency to the Russian River in the face of exceptional drought, continuing effects of climate change, and the prospect of PG&E's abandonment of its PVP hydroelectric power plant. Work will include establishing a Russian River Water Users Forum comprised of all water users that are dependent on PVP water to create a source of funding for continuing water transfers in the Russian River watershed; investigating acquisition of key components of the PVP from PG&E and modifying them to function as a water diversion-only facility, including estimating the cost of modifications and operations, and risk of ownership; and analyzing and developing concepts for the projects necessary to improve water supply reliability in Potter Valley and along the Russian River under drought and climate change conditions.

On December 23, 2021, DWR released the program's Phase 1 awards. Sonoma Water was awarded \$2,086,172 for the Russian River Watershed Water Supply Resiliency Project (Project). Pursuant to the grant program guidelines, the grant will fund eligible Project costs incurred after the award date.

SELECTION PROCESS

In March 2022, Sonoma Water issued three Requests for Statements of Qualifications (RFQ) for the following areas of work: public outreach and organizing services, facilities assessments and feasibility studies, and water supply reliability studies. The RFQs were each mailed to several consultants and posted on Sonoma Water's and County of Sonoma's Purchasing websites.

When received in April 2022, the Statements of Qualifications will be evaluated based on thoroughness, professional qualifications and demonstrated ability to perform the work, and exceptions to standard terms in the sample agreement. A list of qualified consultants will be created for each area of work.

Sonoma Water may seek to amend or enter into subsequent agreement(s) with Board approval if required, relying upon these competitive selection processes, after the preliminary or initial work is completed.

SERVICES TO BE PERFORMED

As described below, three agreements will be developed based on the selection processes described above. A fourth agreement will provide reimbursement to Sonoma Water for staff time expended that exclusively benefits the local Potter Valley partners. Each agreement includes two options for Sonoma Water to extend the agreement for a period of one year each by providing written notice to the other party thirty days in advance of the expiration date of the agreement and of the first extension option.

Agreement for Public Outreach and Organizing Services for Water Users Forum

Under this agreement, the selected consultant's tasks may include, but not be limited to, the following:

- Develop a plan for strategic engagement that will include goals, structure, and participants for an engagement effort.
- Provide outreach to and education of stakeholder including property owners that hold permitted water rights on the Russian River. Many of these stakeholders are unaware of the potential impacts resulting from PG&E's decision to abandon the PVP. The outreach will aim to engage, educate, and garner support (politically and financially) from stakeholders of efforts to protect water transfers into the

Russian River.

- Facilitate the creation of a leadership structure to develop substantive solutions to PG&E ceasing PVP operations.
- Engage in solutions for the Russian River watershed once a broader understanding of the impacts resulting from PG&E's decommissioning is achieved, and an effective leadership structure has been created. The engagement efforts will focus on solutions to the PVP challenges created by the uncertain future of the PVP.

The cost of services will not exceed \$300,000; the term end date is August 1, 2025.

Agreement for PVP Facilities Assessments and Feasibility Studies

Under this agreement, the selected consultant's tasks may include, but not be limited to, the following:

- Assess existing diversion, tunnel, conduit, and outlet facilities.
- Identify alternatives for reconfiguring, modernizing, and improving facilities to support reliable diversions and withstand anticipated increased sediment loads.
- Identify alternatives for upgrading fish screening and fish passage facilities associated with the diversion.
- Prepare concept and feasibility designs and appropriate cost estimates for capital and operational expenses of the diversion, conduit, screen, and passage complex.
- Support development of a permitting pathway for operations and construction work.

The cost of services will not exceed \$650,000, the term end date is August 1, 2025.

Agreement for Water Supply Reliability Studies

Under this agreement, the selected consultant's tasks may include, but not be limited to, the following:

- Conduct hydrogeologic investigations to describe subsurface hydro stratigraphy and identify potential groundwater storage or conjunctive use solutions for Potter Valley.
- Perform geotechnical analysis and feasibility-level design of water storage options in Potter Valley.
- Evaluate historical and current agricultural water-use and irrigation practices in Potter Valley and assess future agricultural water demand management strategies.
- Assist Sonoma Water staff with developing model scenarios to evaluate water supply reliability using HEC-ResSim and GSFLOW-MODSIM modeling tools.

The cost of services will not exceed \$650,000; the term end date is August 1, 2025.

Agreement to Reimburse Sonoma Water for Certain Staff Costs

Under this agreement, Mendocino Inland Water and Power Commission and/or PVIOD will compensate Sonoma Water for up to \$70,000 for staff costs related to the hydrogeologic investigation and geotechnical analysis portions of the Water Supply Reliability Study (described above) that exclusively benefit the Potter Valley area. This agreement will set forth the terms, responsibilities, and obligations to accomplish this. The funds will pay for costs that are not eligible for reimbursement under the grant program rules.

Total estimated project costs are \$2,491,000. Grant funding, from DWR, in the amount of \$2,086,172 will reimburse consultant agreements (\$1,600,00) and Sonoma Water Staff costs (\$486,172) related to the Water Resiliency Planning Project. Additionally, Local Potter Valley Partners will compensate Sonoma Water up to

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\$70,000 for staff costs related to the hydrogeologic investigation and geotechnical analysis portions of the Water Supply Reliability Study. Remaining project costs in the amount of \$334,828, for staff costs not reimbursed by Local Potter Valley Partners or the DWR grant, will be funded from the Russian River Projects Fund.

County of Sonoma Strategic Plan Alignment:

N/A

Sonoma Water Strategic Plan Alignment:

Water Supply and Transmission System, Goal 1: Protect drinking water supply and promote water-use efficiency.

Water Supply and Transmission System, Goal 2: Maintain and improve the reliability of the Water Transmission System.

The Project will provide water supply resiliency to the Russian River in the face of exceptional drought, continuing effects of climate change, and the prospect of PG&E's surrender of the PVP.

Prior Board Actions:

None

FISCAL SUMMARY

Expenditures	FY 21-22 Adopted	FY22-23 Projected	FY 23-24 Projected
Budgeted Expenses	\$49,828	\$416,000	\$375,000
Additional Appropriation Requested	\$1,650,172		
Total Expenditures	\$1,700,000	\$416,000	\$375,000
Funding Sources			
General Fund/WA GF			
State/Federal	\$1,650,172	\$231,000	\$205,000
Fees/Other	\$49,828	\$185,000	\$170,000
Use of Fund Balance			
Contingencies			
Total Sources	\$1,700,000	\$416,000	\$375,000

Narrative Explanation of Fiscal Impacts:

Budgeted amount of \$49,828 is available from FY 2021/2022 appropriations for the Russian River Projects Fund. Additional appropriations in the amount of \$1,650,172 are required to process this expense. Offsetting revenue in the amount of \$1,650,172 will come from DWR. Non-outside funded work in the amount of \$49,828 will be funded under the Russian River Projects Fund. A budgetary resolution has been submitted with this item.

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FY 2022/2023 and FY 2023/2024 appropriations will be budgeted in those fiscal years. Offsetting revenue from Local Potter Valley Partners will be budgeted in these fiscal years to pay for costs that are not eligible for reimbursement under the grant program rules.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Resolution

Related Items "On File" with the Clerk of the Board:

None