



SUMMARY REPORT

Agenda Date: 7/14/2020

To: Board of Directors, Sonoma County Water Agency
Department or Agency Name(s): Sonoma County Water Agency
Staff Name and Phone Number: Pam Jeane, 521-1864
Vote Requirement: Majority
Supervisory District(s): All

Title:

Consulting Services Related to the Potter Valley Hydroelectric Project Relicensing Proceedings

Recommended Action:

- A) Authorize Sonoma County Water Agency's General Manager to execute an agreement for consulting services related to the Potter Valley Hydroelectric Project relicensing proceedings with the consultant selected by the Two-Basin Solution Partnership Steering Committee.
- B) Authorize Sonoma County Water Agency's General Manager to contribute \$100,000 towards Phase 1 of the consulting agreement related to the Potter Valley Hydroelectric Project relicensing proceedings.
- C) Authorize Sonoma County Water Agency's General Manager to further contribute funds in an amount no greater than the highest amount contributed by other members of the Two-Basin Solution Partnership, but not greater than \$100,000, towards the consulting agreement related to the Potter Valley Hydroelectric Project relicensing proceedings if required to meet deadlines imposed by the Federal Energy Regulatory Commission.

Executive Summary:

This item requests authorization for Sonoma County Water Agency's (Sonoma Water) General Manager to execute a consulting agreement for services related to the relicensing proceedings for the Potter Valley Hydroelectric Project with the consultant selected by the Two-Basin Partnership Steering Committee, in a substantially the form presented to the board, with approval by County Counsel, and requests authorization for Sonoma Water to contribute \$100,000 towards Phase 1 of the consulting agreement. This item also requests authority for the General Manager to further contribute an amount no greater than the highest amount contributed by other members of the Two-Basin Solution Partnership, but not greater than \$100,000, towards the consulting agreement if required to meet deadlines imposed by the Federal Energy Regulatory Commission.

Discussion:

On January 25, 2019, Pacific Gas & Electric Company, as the licensee for the Potter Valley Hydroelectric Project ("PVP" or "Project"), stated its intention not to pursue a new license when the current license expires on April 14, 2022. On March 1, 2019, the Federal Energy Regulatory Commission ("FERC") issued a "Notice Soliciting Applications," and specifically, requesting that any interested entity file a notice of intent to pursue a new license for the PVP. Prompted by the collaborative discussions and progress of Congressman Huffman's Ad Hoc Committee, on May 14, 2019, the Two-Basin Solution Partners ("Partners"), which consist of Sonoma

Water, Mendocino County Inland Water and Power Commission, California Trout, Humboldt County and the Round Valley Indian Tribes, entered into a planning agreement, which was subsequently amended (“Amended Planning Agreement”) in the interest of continuing the collaborative efforts towards a Two-Basin Solution that protects fisheries and water supply in both the Eel and Russian River Watersheds. The Partners support exploration of terms for a new license that will materially benefit both basins by advancing the following objectives (“Shared Objectives”): (1) minimize or avoid adverse impacts to water supply reliability, fisheries, water quality, and recreation in the Russian River and Eel River basins; (2) improve fish passage and habitat on the Eel River sufficient to support recovery of naturally reproducing, self-sustaining, and harvestable native anadromous fish populations, including migratory access upstream and downstream at current project dam locations; (3) reliance on best available science and engineering analyses as the basis for evaluating options for restoration, water delivery, and hydroelectric pursuant to a new license; (4) collaboration on funding; (5) active participation of tribes and other stakeholders who are willing to support the other Shared Objectives; (6) economic welfare of both basins; (7) continued hydroelectric generation; and (8) protecting tribal cultural, economic, and other interests in both the Eel and Russian River basins.

On June 28, 2019, the Two-Basin Solution Partners filed a Pre-Application Document and Notice of Intent to File an Application for a New License (“NOI”) with FERC for the Project. This was the only such notice filed in response to FERC’s March 1, 2019, “Notice Soliciting Applications.” On August 1, 2019, FERC issued a “Notice of Continuation of Relicensing Proceeding,” authorizing the partners to proceed as a proxy for a new regional entity that would become the successor licensee. Pursuant to the schedule in the NOI, the Partners prepared and filed a Feasibility Study Report (“Report”) with FERC on May 13, 2020, that contained a proposed project plan for the PVP that will advance all of the Shared Objectives, and proposed modifications to the FERC approved Study Plan. On June 3, 2020, FERC sent a letter to the Partners with a Revised Process Plan and Schedule.

The Partners are required to comply with FERC’s Integrated Licensing Process (“ILP”), including the Revised Process Plan and Schedule, in order to complete and file an application for a license for the Project by the April 14, 2022 deadline. The ILP requires certain actions be taken in the short time frame in order to file an application for a license, including, but not limited to: assembling and compiling all study material completed to date that is applicable to the Study Plan filed in the Feasibility Study Report; conducting outreach with key stakeholders (particularly resource agencies) to further develop and refine study plans; developing an Initial Study Report describing the progress of relicensing studies to date; proposing further modifications to the FERC approved Study Plan; conducting the studies approved by the FERC Director of the Office of Energy Projects; preparing study reports summarizing the results of the studies and file the reports at FERC as appropriate; preparing the draft license application or preliminary licensing proposal; preparing the final FERC license application; responding to stakeholder and agency recommendations, terms and conditions following FERC’s issuance of its Ready for Environmental Analysis notice; and conducting post-license proceedings, including settlement negotiations.

The Two-Basin Solution Partners have neither the combined staff resources nor expertise to complete the multitude of tasks required to meet the obligations of the ILP, and timely file an application for a license by April 14, 2022. Therefore, the Partners agreed to seek a consultant or consulting team capable of assisting the Partners in completing the tasks required. On June 12, 2020, Sonoma Water, on behalf of the Partners, released a Request for Statements of Qualifications for Consulting Services Related to the Potter Valley Hydroelectric Project Relicensing Proceedings. Statements of Qualification (“SOQ”) were submitted to the

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Partners by consultant teams on July 2, 2020. The Partners reviewed the SOQs submitted and selected the most qualified consultants to interview. Those interviews will be conducted this week. It is anticipated a consultant will be selected by the Partner's Steering Committee after conducting the interviews, with a Notice of Intent to Award issued on July 20, 2020, with the selected consultant under contract by July 28, 2020.

It is anticipated that the consulting contract will be divided into four (4) distinct phases of work. Each Phase will have a separate scope of work, separate notice to proceed, and a separate not-to-exceed amount to complete the work in that particular Phase. At this time, the Partners only envision authorizing the selected consultant to begin with Phase 1, which is expected to last through early 2021.

An Initial Study Report is due to FERC by September 14, 2020. To complete the report the consultant will need to obtain and review the first year's work of study data that was prepared by PG&E, analyze the data, and prepare the report. It also entails reviewing comments submitted to FERC and additional study requests from the resource agencies, and then meeting with those agencies to negotiate what will be accomplished. Due to the compressed timeline of FERC's ILP, and the need to contract with the consultant selected as soon as possible, Sonoma Water Staff are requesting authorization for the General Manager to execute a contract with the consultant selected by the Partner's Steering Committee in the form substantially similar to that presented to the Board, and as approved by County Counsel.

Sonoma Water will act as the fiscal agent for the Partners in managing the consultant agreement. However, pursuant to the proposed contract, Sonoma Water will only be responsible for its stated share of Phase 1 of the contract. The other Partners will be responsible to the selected consultant for their respective shares. The Two-Basin Solution Partners have committed to contributing the following amounts towards completion of Phase 1 of the consultant agreement:

Mendocino County Inland Water and Power Commission:	\$ 100,000
Humboldt County:	\$ 20,000
California Trout:	\$ 100,000
The Round Valley Indian Tribes:	\$ 100,000

Sonoma Water staff recommend authorizing the General Manager to contribute \$100,000 towards Phase 1 of the consulting contract. Sonoma Water staff also recommends authorizing the General Manager to further contribute an amount no greater than the highest amount contributed by other members of the Two-Basin Solution Partnership, but not greater than \$100,000, if necessary to meet deadlines in the ILP.

Prior Board Actions:

N/A

FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY21-22 Projected	FY 22-23 Projected
Budgeted Expenses	\$200,000		
Additional Appropriation Requested			
Total Expenditures	\$200,000		

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Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other	\$200,000		
Use of Fund Balance			
Contingencies			
Total Sources	\$200,000		

Narrative Explanation of Fiscal Impacts:

Budgeted amount of \$200,000 is available from FY 2020/2021 appropriations for the Russian River Projects Fund, for Sonoma Water's contribution for Phase 1 of \$100,000 and further contribution of a not to exceed amount of \$100,000, if necessary to meet deadlines in the ILP. No additional appropriation is required.

Sonoma Water's contribution will not exceed \$200,000. Offsetting revenue, to contract with the consultant selected, will be coming from Mendocino County Inland Water and Power Commission, Humboldt County, California Trout, and The Round Valley Indian Tribes.

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:

Sample Agreement

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

None.