



Commission Staff Report - *DRAFT*

Date: April 24, 2017

COMMISSION MEETING DATE: May 25, 2017

SUBJECT: Delegate to the General Manager authority to enter into one or more agreements, with a total not-to-exceed for all agreements of \$1,000,000 for repair, restoration and/or replacement of portions of the Beaver Creek Reservoir and related facilities at the NCPA Hydroelectric Project.

AGENDA CATEGORY: Discussion/Action

FROM:	Ken Speer	METHOD OF SELECTION:
	Assistant General Manager	Other
Division:	Generation Services	
Department:	Hydroelectric	

IMPACTED MEMBERS:		
All Members	<input type="checkbox"/>	City of Lodi <input checked="" type="checkbox"/>
Alameda Municipal Power	<input checked="" type="checkbox"/>	City of Ukiah <input checked="" type="checkbox"/>
Bay Area Rapid Transit	<input type="checkbox"/>	City of Lompoc <input checked="" type="checkbox"/>
City of Biggs	<input type="checkbox"/>	City of Palo Alto <input checked="" type="checkbox"/>
City of Gridley	<input type="checkbox"/>	City of Redding <input type="checkbox"/>
City of Healdsburg	<input checked="" type="checkbox"/>	City of Roseville <input checked="" type="checkbox"/>
		City of Santa Clara <input checked="" type="checkbox"/>
		Plumas-Sierra REC <input checked="" type="checkbox"/>
		Port of Oakland <input type="checkbox"/>
		Truckee Donner PUD <input type="checkbox"/>
		Other <input type="checkbox"/>
		<i>If other, please specify.</i>

RECOMMENDATION:

Authorize the General Manager to enter into one or more agreements, with a total not-to-exceed for all agreements of \$1,000,000 for repair, restoration and/or replacement of portions of the Beaver Creek Reservoir and related facilities at the NCPA Hydroelectric Project.

BACKGROUND:

Beaver Creek Diversion Dam is part of the North Fork Stanislaus River Hydroelectric Project, FERC Project No. 2409, which consists of a system of four reservoirs, two hydroelectric power plants, two diversion tunnels, and one power tunnel. The purpose of Beaver Creek Diversion Dam ("Dam") is to provide for the diversion of water to McKays Point Reservoir and the Collierville powerhouse via a forebay for the Beaver Creek Diversion Tunnel and Penstock. The Beaver Creek Reservoir ("Reservoir") itself serves to provide reliable regulation of penstock flows and minimum fish flow releases, as required by one or more regulatory agencies, as well as serving as a sediment trap to protect the fish screen from frequent plugging. The Dam also provides water for power generation and water consumption purposes.

The January and February 2017 unusually heavy storms and related flooding nearly completely filled the Reservoir (less than 30% reservoir capacity remain) and plugged the diversion fish screen and the Dam's low-level outlet preventing water diversion into McKays. Annual average hydroelectric income attributable to the Dam and related facilities is approximately \$1,700,000. Immediate clearing of the fish screen, the low-level outlet, and a portion of the Reservoir basin is required to restore the functionality of the Dam and to re-establish the ability to reliably generate hydropower with available water supplies.

Normally, this type of work would be competitively bid as one or more public works construction projects. However, as described below, there are unique circumstances as to timing and the scope of work. California law allows a public entity not to engage in standard competitive bidding processes when the competitive process would not be advantageous to the public and advertising for competitive bids would therefore be undesirable, impractical, or impossible. (See *Graydon v. Pasadena Redevelopment Agency* (1980) 104 Cal.App.3d 631, 635-636.)

The anticipated agreements for the Reservoir and related facilities will consist of repairs, restoration and/or replacement of facilities ("the Project"), including an initial effort with a suction dredge and dive team to clear the low-level outlet and fish screen facility to regain reservoir control, thereby allowing the reservoir to be dewatered and to allow for the necessary remaining work to be performed essentially "in-the-dry" to maintain adequate water quality. This "in-the-dry" effort may utilize a combination of a 100-ton crane and a long-reach excavator to remove sediments from the Reservoir. All dredged material will be removed from the site to either temporary stockpiles or a final sediment disposal site, or utilized for beneficial use by the surrounding land owners (U.S. Forest Service and Sierra Pacific Industries) for meadow restoration projects or road repairs. Staff is aggressively pursuing the beneficial use of a portion of the sediments as much as possible to reduce trucking and the corresponding overall disposal costs. The level of reservoir sedimentation and debris left by the 2017 storms is roughly estimated to be 9,000 cubic yards, however a reservoir bathymetry survey is scheduled for April 25th with results expected in the first week of May. The scope of restorative work will be adjusted accordingly. Because of this uncertainty as to the exact scope, it would be impractical

and/or impossible to prepare the technical specifications necessary for a standard public works bid package.

As detailed below, NCPA has applied for an RPG-8 permit from the U.S. Army Corps of Engineers (“ACOE”). Under this streamlined emergency permit process, the ACOE will notify and provide consultative support to various regulatory agencies. If granted, this type of permit stipulates that the Project must start within 7 days of permit approval. The ACOE indicated that its turnaround is anticipated to be 3-6 weeks (mid-May to early June). NCPA must therefore be ready to begin work on very short notice to receive coverage under the permit. Without RPG-8 permit coverage, normal non-emergency ACOE dredging permit timelines take one to two years. Therefore, there will be comparatively little advance notice to NCPA of when to start work. This uncertainty as to the actual start date also makes the use of standard competitive bid procedures impractical and/or impossible.

The primary access road to the Beaver Creek Dam and Reservoir, owned by the USFS, was severely damaged in two locations during the 2017 storms and was impassable until late April after NCPA in partnership with SPI constructed two, USFS approved, temporary bypasses. The road remains closed to the public; only pickup trucks can currently use this road. The bypasses are 90% complete with final work planned for completion by the first week in May. At that point, NCPA anticipates that the USFS will certify the bypasses for the large equipment NCPA intends to use to accomplish the Project. Again, the uncertainty of this timing affects when NCPA can bring in one or more contractors to begin the Project, also making the use of competitive bid procedures difficult.

NCPA intends to conduct a value-based competitive bid process with invited and reliable local contractors who already have existing General Services Agreements with NCPA. It is anticipated that the invitation list will be limited to those contractors which were recently pre-qualified for the Adit 4 Spoils Facility Repair Public Works Contract and which were, as well, the three lowest received bids. A relatively small portion of the work is anticipated to be conducted by a specialized suction dredging contractor which will either be retained as a subcontractor to the selected general contractor or contract directly with NCPA. All contracts will be structured such as to maintain control over the ultimate amount of material to be removed as the work progresses. Staff will utilize the detailed breakdown of the 2006/2008 dredging costs as a comparative baseline in the bid review process. Furthermore, NCPA staff will require each of the three companies to provide competitive proposals, although not in the method used as part of the standard public works bid process. Furthermore, the contracts with these firms will include appropriate protections for NCPA and the public which are part of a standard public works contract. Therefore, the public interest will be served by using firms which have previously participated in a standard competitive bid process, will be part of a competitive process for this Project, and will be subject to appropriate standard public works contract provisions. Furthermore, the scope of work is not presently known due to a currently submerged work area, unspecified disposal sites, and unknown permit conditions, making it impossible to prepare defined project specifications and to fairly administer a public works bidding process. Therefore, engaging in a standard public works bid process is impractical, if not impossible; public interest, including environmental protections, will be best served by engaging in this alternative competitive process.

ENVIRONMENTAL ANALYSIS:

CEQA Guidelines section 15269 states that a project is exempt from CEQA review when the project is to “repair, restore, ... or replace property or facilities damaged or destroyed as a result of a disaster in a disaster stricken area in which a state of emergency has been proclaimed by the Governor....” Also exempt are: “specific actions necessary to prevent or mitigate an emergency.”

The Dam was rendered completely inoperable due to the 2017 storms. The Dam and Reservoir are each located in counties declared to be disaster-stricken by both the Governor and the federal government. Without the Project, NCPA may not be able to meet the various regulatory environmental requirements relating to stream flows and other matters dependent on proper operation of the Dam and Reservoir. While the emergency classification exempts the Project from CEQA, all other environmental permit requirements remain in force with agency-specific emergency provisions with which NCPA must comply.

Staff initiated consultation with the below listed agencies with jurisdiction over the proposed action:

- United States Army Corps of Engineers (ACOE)
- California Department of Fish and Wildlife (CDFW)
- Regional Water Quality Control Board (RWQCB)
- State Water Quality Control Board (SWQCB)
- United States Fish and Wildlife (USFWS)
- Federal Environmental Protection Agency (EPA)
- State Office of Historical Preservation (SOHP)
- United States Forest Service (USFS)
- California Division of Safety of Dams (DSOD)
- Federal Energy Regulatory Commission (FERC)
- Sierra Pacific Industries (SPI)

NCPA filed an RPG-8 permit application with the ACOE on April 19, 2017. Under this streamlined emergency permit process, the ACOE will notify and provide consultative support to the regulatory agencies listed above, except FERC, DSOD, USFS, and SPI, with NCPA staff providing supplemental notifications and consultations with all listed agencies.

FISCAL IMPACT:

Annual average hydroelectric generation attributable to the Beaver Creek Dam is approximately \$1,700,000.

Rough estimates of the Project costs are between \$500,000 and \$1,000,000 with the best estimate being \$700,000. The detailed scope and corresponding cost is under development with the remaining uncertainties being:

- Actual sediment volumes and type deposited
- Contractor availability and pricing
- Final USFS approval of temporary bypass repairs to the Beaver Creek Access Road
- Locations of sediment disposal site(s)

- Water flow rates passing through the site during the work timeframe
- Final agency permit conditions

In February 2017, the NCPA Commission passed resolution 17-16 finding and declaring a state of emergency with respect to the NCPA Calaveras Hydroelectric Generation Project and authorizing the General Manager to take such steps as necessary to obtain funds to maintain, repair, restore, or replace the project. Staff has notified the Federal Emergency Management Agency (FEMA) and NCPA's insurance broker of the 2017 loss. In similar Beaver Creek Storm-related sedimentation historical losses, NCPA received FEMA reimbursements due to the 2006 flood incident, but not due to the 1997 incident. FEMA requires that the applicant demonstrates that it first pursue insurance reimbursement prior to FEMA providing funding. NCPA's insurance broker is currently reviewing the loss to determine if it is covered and to provide an overall recommendation. If the claim were to be covered, the deductible would be \$500,000.

To date, \$550,000 has been collected for Beaver Creek Sediment removal as part of ongoing Hydroelectric Project Capital Development Reserve funding. An additional \$125,000 is proposed for collection as part of the FY18 budget, resulting in a total of \$675,000 available after July 1, 2017. Remaining needed funds are proposed to be drawn from the McKays Cleanout Capital Development Reserve Account and/or the Hydroelectric Project Maintenance Reserve Account. Both funds can be refunded by FEMA or insurance reimbursements if they ultimately materialize.

COMMITTEE REVIEW:

Pending Committee review.

Respectfully submitted,

RANDY S. HOWARD
General Manager

Attachments: (1)

- Resolution

RESOLUTION 17-XX

**RESOLUTION OF THE NORTHERN CALIFORNIA POWER AGENCY
DELEGATING TO THE GENERAL MANAGER AUTHORITY TO ENTER INTO ONE OR
MORE AGREEMENTS NOT-TO-EXCEED \$1,000,000 FOR REPAIR, RESTORATION,
AND/OR REPLACEMENT OF PORTIONS OF THE BEAVER CREEK RESERVOIR AND
RELATED FACILITIES AT THE NCPA HYDROELECTRIC PROJECT.**

(reference Staff Report #xxx:17)

WHEREAS, the Northern California Power Agency (NCPA) operates and maintains the Beaver Creek Reservoir and related facilities on behalf of the project participants in the North Fork Stanislaus River Hydroelectric Development Project; and

WHEREAS, the Hydroelectric Facility's Beaver Creek Reservoir has received debilitating volumes of sediments and debris during the January 2017 storm, is currently inoperable, and requires immediate sediment removal to restore water diversion and ensure the safe and environmentally compliant operation; and

WHEREAS, water diversion from Beaver Creek Reservoir provides critical and substantial generation volumes and capacity; and

WHEREAS, the Commission on February 23, 2017 declared an Emergency for all January 2017 storm related damages;

WHEREAS, the Emergency Project is exempt from CEQA under Regulation 15269; and

WHEREAS, the Commission finds that immediate action is required to mitigate the impairment of essential public services;

NOW, THEREFORE BE IT RESOLVED, that the Commission of the Northern California Power Agency authorizes the General Manager to enter into one or more agreements, with a total not-to-exceed for all agreements of \$1,000,000 for repair, restoration and/or replacement of portions of the Beaver Creek Reservoir and related facilities at the NCPA Hydroelectric Project

PASSED, ADOPTED and APPROVED this _____ day of _____, 2017 by the following vote on roll call:

	<u>Vote</u>	<u>Abstained</u>	<u>Absent</u>
Alameda	_____	_____	_____
BART	_____	_____	_____
Biggs	_____	_____	_____
Gridley	_____	_____	_____
Healdsburg	_____	_____	_____
Lodi	_____	_____	_____
Lompoc	_____	_____	_____
Palo Alto	_____	_____	_____
Port of Oakland	_____	_____	_____
Redding	_____	_____	_____
Roseville	_____	_____	_____
Santa Clara	_____	_____	_____
Truckee Donner	_____	_____	_____
Ukiah	_____	_____	_____

Plumas-Sierra

BOB LINGL
CHAIR

ATTEST: _____
CARY A. PADGETT
ASSISTANT SECRETARY