



# COUNTY OF HUMBOLDT

For the meeting of: 12/15/2020

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File #: 20-1559

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**To:** Board of Supervisors

**From:** Public Works

**Agenda Section:** Consent

**SUBJECT:**

Second Amended Planning Agreement for the Potter Valley Project and Memorandum of Understanding for Cost Sharing for Integrated Licensing Process Consultant

**RECOMMENDATION(S):**

That the Board of Supervisors:

1. Approve, and authorize the Chair of the Board to execute, the attached Second Amended Planning Agreement for the Potter Valley Project;
2. Approve, and authorize the Chair of the Board to execute, the attached Memorandum of Understanding for Cost Sharing for Integrated Licensing Process Consultant;
3. Direct the Clerk of the Board to return one (1) fully executed original copy of the attached Second Amended Planning Agreement for the Potter Valley Project to the Department of Public Works - Environmental Services for further processing; and
4. Direct the Clerk of the Board to return one (1) fully executed original copy of the attached Memorandum of Understanding ("MOU") for Cost Sharing for Integrated Licensing Process Consultant to the Department of Public Works - Environmental Services for further processing.

**SOURCE OF FUNDING:**

General Fund

**DISCUSSION:**

Humboldt County has joined California Trout, Mendocino County Inland Water and Power Commission, Sonoma County Water Agency and the Round Valley Indian Tribes (collectively "Parties") in working together to study the feasibility of forming a regional entity as successor licensee to Pacific Gas and Electric Company ("PG&E") and developing an application for a license for the Potter Valley Project that will advance specified Shared Objectives regarding water supply and native anadromous fish populations within the Eel River and Russian River watersheds. On June 18, 2019, the Board authorized execution of an Amended Planning Agreement to Undertake Feasibility Study of a Potential Licensing Proposal for the Potter Valley Project ("Amended Planning Agreement") with the Parties and adopted Resolution No. 19-53 which affirmed support for the Amended Planning Agreement. The adopted budget for fiscal year 2019-20 included a contribution of One Hundred Thousand Dollars (\$100,000) to collaborate with the Parties by retaining consultants, through a

contract administered by Sonoma County Water Agency, to conduct a feasibility study. On June 25, 2019, the Board authorized Public Works to sign a joint Notice of Intent with the Parties to submit an application for a new license to the Federal Energy Regulatory Commission (“FERC”). A First Amendment to the Amended Planning Agreement was approved on July 23, 2019, to add Round Valley Indian Tribes as a Party. On May 13, 2020, the Parties submitted a Feasibility Study Report to FERC proposing a Project Plan with several elements including removal of Scott Dam. The Parties are in the early stages of FERC’s Integrated Licensing Process which could lead to formation of a regional entity and submittal of a license application within two (2) or more years. Additional information regarding the Potter Valley Project is available online at the following address: <https://www.twobasinsolution.org>.

The Parties have developed the attached Second Amended Planning Agreement for the Potter Valley Project (“Second Amended Planning Agreement”) to establish operating protocols for collaborative efforts regarding the Potter Valley Project. The Second Amended Planning Agreement also identifies a list of issues that will be addressed during the collaborative efforts. Recognizing that funding is necessary to continue the licensing process, the Parties propose to provide financial contributions toward efforts in fiscal year 2020-21 as described in the attached Memorandum of Understanding for Cost Sharing for Integrated Licensing Process Consultant (“Cost Sharing MOU”).

FINANCIAL IMPACT:

Approval of the Second Amended Planning Agreement and Cost Sharing MOU includes a commitment for Humboldt County to provide a financial contribution of Twenty Thousand Dollars (\$20,000). Each of the other four (4) Parties are planning to contribute One Hundred Thousand Dollars (\$100,000) for a total amount of Four Hundred and Twenty Thousand Dollars (\$420,000). Due to the financial uncertainties caused by the Covid-19 pandemic and anticipated budgeting challenges, the Humboldt County Department of Public Works - Environmental Services (“Public Works”) proposed, and the Parties accepted, a contribution from Humboldt County in an amount less than the other Parties.

The approved fiscal year 2020-21 budget does not contain a specific allocation for collaboration with the Parties on the Potter Valley Project. However, Public Works determined that funds for this contribution are available in the Water Management budget unit at budget line 1100-251-2118 by adjusting Public Works’ expenditure plan for this budget unit. Therefore, Public Works elected not to request an additional allocation from the General Fund.

STRATEGIC FRAMEWORK:

The recommended actions support the Board of Supervisors’ Strategic Framework by creating opportunities for improved safety and health and building interjurisdictional and regional cooperation.

OTHER AGENCY INVOLVEMENT:

Many federal, state and local agencies and tribal governments.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

The Board may choose not to approve the attached Second Amended Planning Agreement and Cost Sharing MOU. However, this alternative is not recommended because it could

jeopardize Humboldt County's continued collaboration with the Parties in the regional discussions and negotiations regarding the future of the Potter Valley Project.

**ATTACHMENTS:**

1. Amended Planning Agreement to Undertake Feasibility Study of a Potential Licensing Proposal for the Potter Valley Project
2. First Amendment to the Amended Planning Agreement to Undertake Feasibility Study of a Potential Licensing Proposal for the Potter Valley Project
3. Second Amended Planning Agreement for the Potter Valley Project
4. Memorandum of Understanding for Cost Sharing for Integrated Licensing Process Consultant

**PREVIOUS ACTION/REFERRAL:**

Board Order No.: C-20; C-50; C-19

Meeting of: 6/18/19; 6/25/19; 7/23/19

File No.: 19-962; 19-995; 19-1105