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Title: Approval of a Purchase Agreement between Westervelt Ecological Services, LLC and the City of Fresno, for the purchase of habitat conservation credits from the Dutchman Creek Conservation Bank in the amount of \$399,500, in support of construction of a turnout/diversion facility associated with the Friant-Kern Canal Raw Water Pipeline, to be constructed in the United States Bureau of Reclamation's Friant-Kern Canal.

Sponsors: Department of Public Utilities

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Attachments: 1. DCCB_Purchase Agreement.pdf

Date	Ver.	Action By	Action	Result
2/4/2016	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

February 4, 2016

FROM: THOMAS C. ESQUEDA, Director
Department of Public Utilities

BY: MICHAEL CARBAJAL, Division Manager
Department of Public Utilities - Water Division

SUBJECT

Approval of a Purchase Agreement between Westervelt Ecological Services, LLC and the City of Fresno, for the purchase of habitat conservation credits from the Dutchman Creek Conservation Bank in the amount of \$399,500, in support of construction of a turnout/diversion facility associated with the Friant-Kern Canal Raw Water Pipeline, to be constructed in the United States Bureau of Reclamation's Friant-Kern Canal.

RECOMMENDATIONS

Staff recommends that City Council:

1. Approve the Purchase Agreement (PA) between Westervelt Ecological Services, LLC (Westervelt) and the City of Fresno (City), for the purchase of habitat conservation credits from

the Dutchman Creek Conservation Bank in the amount of \$399,500, in support of construction of a turnout/diversion facility associated with the Friant-Kern Canal Raw Water Pipeline, to be constructed in the USBR's Friant-Kern Canal.

2. Authorize the Director of Public Utilities, or designee, to sign all documents on behalf of the City.

EXECUTIVE SUMMARY

The Department of Public Utilities, Water Division, is finalizing the permitting of the Friant-Kern Raw Water Pipeline Project to deliver raw water from the Friant-Kern Canal to the NESWTF. With bidding completed, project award in January 2016, and agency permitting nearing completion, execution of the PA will be necessary prior to start of construction.

The PA between Westervelt and the City for the purchase of habitat conservation credits from the Dutchman Creek Conservation Bank is in accordance with the requirements outlined in the Incidental Take Permit (ITP) issued by the California Department of Fish and Wildlife (CDFW), and the Biological Opinion (BO) and the US Fish and Wildlife Service.

BACKGROUND

Presently, the City's contract with the United States Bureau of Reclamation (USBR) for Central Valley Project (CVP) surface water, travels nearly 55 miles in open canals from Friant Dam (Millerton Lake) to the NESWTF. The proposed Project consists of the construction and operation of a 5.6-mile raw water pipeline. The new pipeline reroutes the CVP water directly to the NESWTF and will eliminate nearly 47 miles from the conveyance distance. The Project will convey water in an enclosed system and greatly reduce the threat to water quality, in otherwise open canals which are exposed to contamination from environmental debris, and accidental or malicious acts. The pipeline will be constructed across numerous properties in unincorporated Fresno County and connected to the existing one-mile long segment of pipeline constructed in 2007. Additional benefits of the project include reduced power consumption, chemical utilization, and increased operational reliability at the NESWTF.

ENVIRONMENTAL FINDINGS

An initial study and Mitigated Negative Declaration was prepared and adopted on June 14, 2012 for this project. A Notice of Determination was subsequently filed with the Fresno County Clerk's Office on June 19, 2012. The Proposed Project consists of the construction and operation of a 5.6-mile raw water supply pipeline northeast of the City of Fresno, in unincorporated Fresno County at the City's existing NESWTF. The Proposed Project would be located between the NESWTF near Chestnut and Behymer Avenues and the Friant-Kern Canal to the northeast. The purpose of the Proposed Project is to develop a reliable raw water conveyance system with reduced potential for water quality contamination that will bring the City's existing Central Valley Project (CVP) contract supply water directly from the Friant-Kern Canal to the NESWTF.

An analysis has been performed pursuant CEQA Guidelines §15162 to determine whether subsequent environmental review is required for the project. Based upon this analysis the following findings are made to support the determination that no subsequent environmental review is required:

1. No substantial changes are proposed in the project which will require major revisions of the

previous Mitigated Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. In this case there are no changes to the project.

2. No substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous Mitigated Negative Declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects. In this case, the proposed pipeline alignment has not changed.

3. There is no new information, which was not known and could not have been known at the time of the previous Mitigated Negative Declaration that the project will have significant effect not discussed in the Mitigated Negative Declaration.

The City has also been working with several Federal agencies to meet the requirements of the National Environmental Policy Act (NEPA). The USBR is the Project's lead federal agency in preparation of the Project's Environmental Assessment (EA), in coordination with the U.S. Army Corp of Engineers (USACE) on their Section 404 Permit. The Project was recently issued the U.S. Fish and Wildlife Service's (USFWS) Biological Opinion (BO), which addresses potential Project effects on endangered plants and wildlife. The BO has been submitted to USBR by USFWS for their review and acceptance. Upon acceptance, the USBR will issue a Finding of No Significant Impact (FONSI), authorizing the City to begin construction on the Friant-Kern Canal Raw Water Pipeline Project.

Based upon these findings, it has been determined that no further environmental documentation is required for this project.

LOCAL PREFERENCE

Local Preference was not considered because this action does not include a bid or an award of a City construction or services contract.

FISCAL IMPACT

There is no impact to the General Fund. The purchase agreement will be funded by the State Revolving Fund Low Interest Loan through the State Water Resources Control Board as part of the construction of the Friant-Kern Canal Pipeline project. Appropriations are included in Water Division's FY2016 Capital Improvement Program adopted budget within the State Low Interest Loan FKCP Fund (40184). The loan repayments for the low interest loan were included in the water rate model used to create the five-year utility rate plan that was adopted by the City Council on February 26, 2015.

Attachment:
Purchase Agreement