

TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER DEPARTMENT: UTILITIES

DATE: JANUARY 30, 2006 CMR: 124:06

SUBJECT: AUTHORIZATION TO PROCEED WITH THE ENVIRONMENTAL IMPACT REPORT (EIR) FOR THE 8-HR EMERGENCY WATER SUPPLY PROJECT; APPROVAL OF A DRAFT NOTICE OF PREPARATION; APPROVAL OF A BUDGET AMENDMENT ORDINANCE IN THE AMOUNT OF \$350,000; AND APPROVAL OF AMENDMENT NUMBER 3 TO THE PHASE I WATER DISTRIBUTION SYSTEM IMPROVEMENTS CONTRACT WITH CAROLLO ENGINEERS (CMR: 407:05) FOR ADDITIONAL EIR SUPPORT SERVICES

RECOMMENDATION

Staff recommends that Council:

Two City Council members have conflicts of interest under the California Political Reform Act with respect to the location of wells. Three different City Council members have conflicts of interest with respect to the location of the reservoir. However, it is possible to segment the decision on this matter because the well locations are not inextricably related to the reservoir locations. Following a discussion and vote on the portion of the proposal related to wells, the two Council Members with conflicts only on well locations may resume their seats and participate in the remaining deliberations and votes.

1. Authorize staff to proceed with preparation of an Environmental Impact Report analyzing rehabilitation of five existing wells and locating and constructing of up to three new wells and vote to accept or modify that proposal related to those wells as set forth in the Notice of Preparation.
2. Authorize staff to proceed with preparation of an Environmental Impact Report (EIR) for the 8-Hour Emergency Water Supply Project consisting of (a) construction of a new 2.5 million gallon reservoir and pump station, (b) improvements to the Mayfield pump station, and (c) rehabilitation and construction of wells as approved by Council in item 1.

3. Approve the draft Notice of Preparation (NOP) for the EIR identifying El Camino Park as the preferred location for the reservoir and pump station, and three alternative reservoir sites for further analysis.
4. Approve the attached Budget Amendment Ordinance (BAO) in the amount of \$350,000, transferring the funds from the Water Rate Stabilization Reserve (RSR) to the Phase I Water Distribution System Improvements Project.
5. Approve Amendment No. 3 for additional EIR support services for the Phase I Water Distribution System Improvements Project contract with Carollo Engineers (CMR:407:05) to study additional reservoir sites in the EIR process.

BACKGROUND

The 1999 Water Wells, Regional Storage, and Distribution System Study (1999 Study) analyzed the impact of a severe emergency on Palo Alto's water distribution system. A large earthquake for instance, could result in shutdown of the City's main water supply, the Hetch Hetchy water system, for as long as 60 days. Coupled with the need to extinguish multiple fires in the hour immediately following such an earthquake, the City's water system would not be able to supply sufficient water to meet demands, even if extensive water conservation measures were implemented during the disaster. The study concluded that the best way to provide for basic water needs would be to implement a dual approach to augmenting the City's existing emergency water supply by constructing a subterranean 2.5 million gallon reservoir with pump station; and rehabilitating 5 existing water wells and constructing a total of three new wells. Reservoirs can provide a large volume of water to meet short-term fire suppression demand, while water wells provide a smaller volume of water to sustain a basic level of service until the water system is repaired. The study determined that the greatest shortfall in water supply would be the areas west of Stanford Shopping Center and north Palo Alto/downtown. The 8-Hour Emergency Water Supply Project was established to construct the additional emergency water supply facilities, with El Camino Park as the preferred location. The 1999 Study also analyzed alternatives to reservoir and well projects, including additional system interties with adjacent utilities, construction of a direct pipeline to the SCVWD supply, and a desalination plant. The alternatives to the project were found to have prohibitive environmental, construction and/or cost constraints.

On May 20, 2002, Council awarded a contract to Carollo Engineers for the Phase I Water Distribution System Improvements Project (CMR: 248:02). The request for proposals for this project had been sent to six engineering consulting firms on July 25, 2001. Carollo Engineers was selected because of its professional qualifications, strength of the proposed project team, past successful experience with designing similar complex projects, familiarity with the project design and construction issues and City procedures, and experience working with the City.

On March 15, 2004, Council approved Amendment No. 1 to Carollo Engineers' contract, which included Environmental Impact Report services for the 8-Hour Emergency Water Supply Project (CMR:164:04). On November 14, 2005, the Council approved Amendment No. 2 to Carollo

Engineers' contract (CMR: 407:05) and a Budget Amendment Ordinance to provide additional funding for construction support services.

Two public involvement meetings were held in March 2005 with invited participants from community and neighborhood groups, environmental groups and businesses (participants listed in CMR:454:05). The purpose of the public involvement meetings was to elicit feedback from the community on staff's general approach to the project and on community reaction to potential reservoir and well sites. The participants were advised of the issues pertaining to the 8-Hour Emergency Water Supply project and were presented with a review of potential reservoir and well sites. At the conclusion of the meetings the participants were asked to rank potential sites, and to list any proposed new sites for consideration. Participants expressed a preference for El Camino Park and Heritage Park for the reservoir, and also proposed for consideration a parking lot at Stanford Shopping Center. El Camino Park, Eleanor Pardee Park, Heritage Park, and Middlefield Road were preferred well sites.

DISCUSSION

As an intermediate step in the planning process, the project team made a preliminary analysis of environmental constraints, identifying environmental issues at eight potential well sites and seven potential reservoir sites identified in the 1999 Study. The analysis consisted of field reconnaissance, review of environmental databases, identification of land uses, and analysis of environmental constraints and potential impacts to geology and soils, surface water resources, groundwater resources, biological resources, cultural/historical resources, land use, aesthetics, traffic and circulation, and noise.

In response to input from the public involvement meetings referenced above, and further engineering and environmental work, staff eliminated six of the 1999 Study reservoir sites and identified 3 additional potential reservoir sites for inclusion in the EIR: 1) a parking lot near Stanford Shopping Center - either the parking area bounded by El Camino Real, Sandhill Road, the businesses facing El Camino Real and Quarry Road; or the parking area near the northeast corner of Arboretum Road and Quarry Road, 2) a parking lot on the Town and Country Village property; and 3) the Palo Alto High School property. Six of the 1999 Study reservoir sites were eliminated because they presented significant environment constraints, were in the wrong area of the city to provide effective emergency water service or added prohibitive additional project expenses. The proposed Palo Alto High School site, potentially a mutual benefit to the School District as well as the City, will be pursued only if the District wants the City to consider the site for a reservoir. On December 12, 2005, Council authorized the City Manager to enter into discussions with the Palo Alto Unified School District about the potential to construct a 2.5 million gallon underground emergency water reservoir, pump station and well at Palo Alto High School as part of identifying preferred sites for study in the 8-hr Emergency Water Supply Project Environmental Impact Report process (CMR: 454:05).

The EIR will study the environmental effects of constructing, operating and maintaining a 2.5 million gallon reservoir/pump station/well and two additional new wells, as well as the rehabilitation of 5 existing wells and the existing Mayfield Pump Station. The process will begin on January 30th with Council's authorization to proceed with the EIR and approval of the draft Notice of Preparation (NOP) contained in Attachment A, which will be finalized and posted following the Council meeting. The Notice of Preparation includes a summary description of the project, and a brief discussion of impacts to be addressed in the EIR. A proposed schedule for the EIR process and for design and construction of the facilities is provided in Attachment C, Exhibit M revised.

Amendment No. 3

Amendment No. 3 amends Carollo's contract to include analysis of the 3 additional reservoir sites in the EIR process. The amount for EIR services currently in Carollo's Amendment No. 2 contract is \$494,240. Amendment No. 3 increases the budget for EIR services by \$350,000, bringing the total cost for EIR Services to \$844,240, which is comparable to other local projects of this magnitude. The proposed costs of including additional sites in the EIR are in line with the recent expenses of other neighboring cities. In 2000, Mountain View paid approximately \$75,000 per site carried through their EIR review process for reservoirs and a well. Palo Alto will be paying on average approximately \$77,000 per site included in this EIR.

RESOURCE IMPACT

The attached BAO, Attachment B, requests an additional appropriation of \$350,000 for the 8-Hour Emergency Water Supply Project, to be transferred from the Water Rate Stabilization Reserve (RSR). Any EIR process funding surplus will be returned to the RSR after the Final EIR is certified by Council. This BAO will not affect the existing water rates. Current staffing levels, and the need to maintain continuity in the EIR process, prevent City staff from doing the additional EIR work. The BAO improves City responsiveness to community environmental concerns and future council decision-making power in locating the needed facilities. The Water CIP project descriptions receiving additional funding are attached in Attachment D.

POLICY IMPLICATIONS

This BAO and approval of Amendment No. 3 do not represent a change to existing City policies. This recommendation is consistent with the Council-approved Utilities' Strategic Plan, especially supporting Key Strategy No. 1: Operate distribution systems in a cost effective manner, Objective No. 1: Enhance customer satisfaction by delivery valued products and services, and Objective No. 2: Invest in utility infrastructure to deliver reliable service.

ENVIRONMENTAL REVIEW

Based on the findings of the pre-design and project environmental documentation included in the contract scope of services, the eight-hour emergency water supply project is a project with a potential for adverse effects on the environment for the purposes of the California Environmental Quality Act (CEQA). Accordingly, an EIR will be prepared. No decision on whether or where

to build any of the project components and associated improvements will be made until the environmental review is complete.

ATTACHMENTS

A: Draft Notice Of Preparation (NOP)

B: BAO

C: Amendment No. 3 to Contract C2138257 and Revised Contract Exhibits A, K, L*, M* and N

D: Capital Project Descriptions

* Revisions to Exhibits L and M reflect changes in scope, Exhibit A, Environmental Impact Report (EIR) Services only. Amendment No. 3 will not change the contract Construction Support Services (Exhibit D – Amendment No. 2) scope, budget or schedule.

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