



Santa Clara Valley Water District

File No.: 17-0336

Agenda Date: 6/27/2017

Item No.: 2.9.

BOARD AGENDA MEMORANDUM

SUBJECT:

Public Hearing on the Final Initial Study/Mitigated Negative Declaration and Engineer's Report for the Coyote Warehouse Project; Resolution to Adopt the Final Initial Study/Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program; Resolution Approving the Engineer's Report; and Project Approval for the Coyote Warehouse Project, Project No. 91234011 (Morgan Hill) (District 1) (PREVIOUSLY LISTED AS ITEM 2.7).

RECOMMENDATION:

- A. Conduct Public Hearing on the Final Initial Study/Mitigated Negative Declaration (IS/MND) and Engineer's Report for the Coyote Warehouse Project (Project);
- B. Close the Public Hearing;
- C. Consider the potential environmental effects of the Project (as discussed in the Final IS/MND;
- D. Adopt the Resolution ADOPTING THE FINAL INITIAL STUDY/MITIGATED NEGATIVE DECLARATION AND THE MITIGATION MONITORING AND REPORTING PROGRAM FOR THE COYOTE WAREHOUSE PROJECT;
- E. Adopt the Resolution APPROVING THE ENGINEER'S REPORT FOR THE COYOTE WAREHOUSE PROJECT; and
- F. Approve the Project.

SUMMARY:

Project Background

The Coyote Warehouse Project (Project) would construct a suitable storage facility for spare pipeline parts and materials such as valves, gaskets, pumps, hoses, disinfection equipment, electrical supplies, and control systems supplies used in the maintenance and operation of the District's pipelines and pumping plants. The Project would support the District's ongoing operations to efficiently provide reliable water to water retailers, businesses, and residents in Santa Clara County.

Background

Pursuant to an Operations and Maintenance Agreement between the District and the U.S. Bureau of

Reclamation (USBR), the District operates and maintains the Central Valley Project's San Felipe Division facilities, including the Pacheco Pumping Plant, Santa Clara Conduit and Tunnel, and Coyote Pumping Plant. The Coyote Pumping Plant is located on USBR's property in Morgan Hill. The USBR parcel is approximately 9.8 acres in size and is used as a District satellite facility.

The District owns 8.2 acres of real property immediately adjacent to the USBR parcel. The District uses the site to stockpile various materials needed for maintaining its pipelines and pump stations; many of these materials are not suited for outside storage. Some of the items have long lead purchase times and are pre-ordered and delivered to the site in advance of project work. The District also stockpiles excess rock and other construction-related materials onsite.

As a temporary measure, some of the spare parts are being stored in sea containers and in the USBR maintenance building and pump station building. The sea containers lack adequate space to house all the parts needed by maintenance staff, and they do not provide adequate space for staff to stage pipeline maintenance work. The USBR facilities were not designed, nor intended to be used, as permanent storage facilities. This Project would construct a permanent, suitable storage facility on the District-owned property for pump and pipeline parts.

Environmental Review

Pursuant to the California Environmental Quality Act (CEQA), the District prepared a Final IS/MND, which is included as Attachment 1 for the Board's consideration prior to approving the Project. The Draft IS/MND was circulated for public review from March 3 to April 3, 2017. The District did not receive any comments from the public or state/local agencies.

As discussed in the Final IS/MND, the Project would result in no or less-than-significant impacts in all resource areas except for biological resources and cultural resources. However, mitigation measures proposed in the Final IS/MND would reduce the significant impacts on biological and cultural resources to less-than-significant levels. The mitigation measures are included in Section 5, Mitigation Monitoring and Reporting Program, of the Final IS/MND.

With respect to biological resources, the IS/MND discusses that while no trees are planned to be removed, some trees/shrubs are located within 50 feet of the construction area. Equipment staging and construction activities may result in indirect impacts to nesting birds, which would be considered significant. The District would implement applicable best management practices and Santa Clara Valley Habitat Plan's conditions to minimize potential impacts on nesting birds. Mitigation Measure BIO-1 was also proposed to further reduce such impact to a less-than-significant level by establishing buffers if any active bird nests are located during pre-construction surveys.

With respect to cultural resources, the Society of Vertebrate Paleontology's guidelines suggest that the geologic unit underlying the Project site has high paleontological sensitivity. As the Final IS/MND discusses, while paleontological resources are not expected to be discovered during Project construction due to the relatively shallow depth of ground disturbance, the inadvertent damage of fossils if encountered during construction would be a significant impact. Mitigation Measure CU-2 was proposed to reduce this potential impact to a less-than-significant level by requiring a

paleontologist to access the nature and importance of fossils if any is encountered during construction and to recommend treatment and salvage methods if needed.

Engineer's Report

Section 12 of the District Act requires the Board to conduct a public hearing to hear testimony on a project when: 1) the project is new construction; and 2) the project is funded by a single or joint zone of benefit. As the proposed Project meets both conditions, staff prepared an Engineer's Report (Attachment 4) for the purpose of public disclosure. The Notice of Public Hearing for the Engineer's Report (Attachment 5) was published in accordance with the District Act, and has been made available for review at the District Headquarters Building (5700 Almaden Expressway, San Jose, California) and on the District's website at <http://www.valleywater.org/PublicReviewDocuments.aspx>.

Prior Board Action(s)

On June 23, 2015, the Board approved a consultant agreement with Siegfried Engineering, Inc. for design services.

On June 13, 2017, the Board adopted Resolution 17-41 setting the time and date for a public hearing on the Engineer's Report to take place on June 27, 2017.

Next Steps

If the Board approves the Project, the future Project milestones are:

- Staff recommendation to the Board to adopt plans and specifications and authorize construction bidding: October 2017
- Board award of construction contract: December 2017
- Initiate construction: January 2018
- Complete construction: March 2019

Project Delivery Process

Attachment 6 (Project Delivery Process Schematic) highlights the current Project phase and the staff recommendations before the Board.

FINANCIAL IMPACT:

The Project is included in the Board-approved Fiscal Year 2018-22 Capital Improvement Program. The estimated cost to plan, design and construct the proposed Project is \$6.2 million (in 2017 dollars). The full construction cost is included in the FY 2018 Adopted Budget for project #91234011. The proposed project would be funded by the Water Enterprise Fund, with 87.7% of the costs

allocated to Zone W-2 (North County) and 12.3% of the costs allocated to Zone W-5 (South County).

The anticipated annual operations and maintenance (O&M) costs associated with the proposed Project are approximately \$5,000.

CEQA:

A Final IS/MND has been prepared and is included with this board agenda memorandum for Board's consideration and adoption before Project approval.

ATTACHMENTS:

- Attachment 1: IS/MND
- Attachment 2: Resolution Adopting IS/MND and MMRP
- Attachment 3: Resolution Approving ER
- Attachment 4: Engineer's Report
- Attachment 5: Notice of Public Hearing
- Attachment 6: Project Delivery Process Chart
- Attachment 7: PowerPoint

UNCLASSIFIED MANAGER:

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