



Santa Clara Valley Water District

File No.: 20-0488

Agenda Date: 6/23/2020

Item No.: 3.4.

BOARD AGENDA MEMORANDUM

SUBJECT:

Approve Purchase of 2390 Cochrane Road, Morgan Hill, Assessor's Parcel Number: 728-34-011 for the Anderson Dam Tunnel Project, Real Estate File 9186-34 (Morgan Hill) (District 1).

RECOMMENDATION:

- A. Approve the purchase of the property located at 2390 Cochrane Road in Morgan Hill for the Anderson Dam Tunnel Project in the amount of \$804,000;
- B. Authorize the Chief Executive Officer or her Designee to issue a Notice of Exercise of Option to Frances J. Coyle pursuant to the Option Agreement for the Purchase of Real Property with Frances J. Coyle; and
- C. Authorize the Chief Executive Officer or her Designee to deposit funds into Escrow, take all necessary actions, and execute all real estate documents necessary to complete the purchase of the property located at 2390 Cochrane Road in Morgan Hill.

SUMMARY:

The Anderson Dam Seismic Retrofit Project (ADSRP) will correct seismic deficiencies of Anderson Dam to meet all current Federal Energy Regulatory Commission (FERC) and California Department of Water Resources, Division of Safety of Dams, dam safety design standards. On February 20, 2020, FERC issued an order to Valley Water to immediately implement the following interim risk reduction measures: (a) immediately lower and maintain the reservoir operating level no higher than elevation 565 feet; (b) lower the reservoir to elevation 488 feet (deadpool) beginning no later than October 1, 2020, as safely and quickly as possible and maintain deadpool to the extent feasible; (c) immediately design and construct the low-level outlet tunnel to more reliably and quickly drawdown the reservoir after an earthquake and/or to better maintain deadpool during significant precipitation; and (d) develop measures necessary to safely drain and maintain the reservoir at deadpool and minimize environmental effects, including groundwater recharge, water supply, flood protection, and other environmental impacts.

In order to comply with the February 20, 2020 FERC Order, staff is planning to proceed with the Anderson Dam Federal Energy Regulatory Commission Order Compliance Project (FOCP). In an earlier and separate item of the Board meeting today, staff requested the Board to approve the

Engineer's Report for the FOCF for implementation. Implementation of the FOCF requires various actions including acquisition of rights of ways necessary for construction and operations of the project. The property located at 2390 Cochrane Road in Morgan Hill has been identified as needed for field office and staging area for construction of the FOCF.

Option Agreement for Purchase of Real Property Located at 2390 Cochrane Road in Morgan Hill

Valley Water initially entered into an Option Agreement for the Purchase of Real Property with Frances J. Coyle on November 25, 2014 ("Option Agreement") in anticipation of being able to purchase the property for construction of the ADSRP. Due to project delays, Valley Water entered into two additional Option Agreements in 2016 and 2018. The current 2018 Option Agreement (Attachment 1) with a final extension, will expire on June 27, 2020. The Option Agreement grants Valley Water the exclusive right and option to purchase the property for \$814,000. The purchase price was based on an appraisal completed by Kurt J. Power and Associates on April 26, 2018 (Attachment 2). Under the Option Agreement, Valley Water has paid the property owner a sum of \$81,400 and an additional \$81,400 for an extension period. \$10,000 of the option payment can be applied to the purchase price of the property as provided in the option terms. As a result, the remaining payment to purchase the property is \$804,000 (i.e., \$814,000 - \$10,000). To complete acquisition of the property, Valley Water must first issue a Notice of Exercise of Option to the property owner prior to the expiration date of June 27, 2020. Within ten (10) days following delivery of the Notice of Exercise of Option to Francis J. Coyle ("Owner"), Owner shall deliver to Escrow a fully executed and properly acknowledged Grant Deed conveying the subject real property to Valley Water. And within twenty-five (25) days following delivery of the Notice of Exercise of Option to the Owner and upon the Owner's delivery of the Grant Deed into Escrow, Valley Water shall deposit to Escrow the sum of \$804,000. The property is located just below the face of the dam and is shown on Attachment 3.

Next Steps

Upon Board approval of staff's recommendations, the Chief Executive Officer or her designee will issue a Notice of Exercise of Option to the Owner prior to the expiration date of June 27, 2020 and complete acquisition of the property.

FINANCIAL IMPACT:

There are adequate funds in the budget (Project Number 91864005) to cover the purchase price of \$804,000.

CEQA:

The purchase of the Coyle Property, which is a component of the FERC Order Compliance Project is

exempt from CEQA review under CEQA's statutory exemption for emergency projects (Public Res. Code § 21060.3; CEQA Guidelines § 15269).

ATTACHMENTS:

Attachment 1: Option Agreement

Attachment 2: Appraisal Report

Attachment 3: Location Map

UNCLASSIFIED MANAGER:

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