

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works		(2) MEETING DATE April 25, 2006		(3) CONTACT/PHONE Wendy Crawford Hall, Administrative Services Manager, (805) 805 781-5295	
(4) SUBJECT Request to Approve Salinas Dam and Reservoir Area - Supplemental Agreement No. 10 to Lease No. DACW09-1-73 -56, for Operation and Maintenance for the period July 1, 2006 to June 30, 2011.					
(5) SUMMARY OF REQUEST San Luis Obispo County Flood Control and Water Conservation District operates and maintains the Salinas River Dam Project under a lease agreement with the Department of the Army, Los Angeles District, Corps of Engineers. The attached Supplemental Agreement No. 10 renews the lease until June 30, 2011.					
(6) RECOMMENDED ACTION It is our recommendation that your Honorable Board:					
<ol style="list-style-type: none"> 1. Approve the attached Supplemental Agreement No. 10 for the operation and maintenance of the Salinas River Dam Facility. 2. Direct the Chairman of the Board to execute said Agreement on behalf of the San Luis Obispo County Flood Control and Water Conservation District. 3. Send an original and one copy to the attention of Joyce Fredholm, Real Estate Division, Department of the Army, Los Angeles District Corps of Engineers, PO Box 532711, Los Angeles, CA 90053-2325. 					
(7) FUNDING SOURCE(S) N/A		(8) CURRENT YEAR COST N/A		(9) ANNUAL COST N/A	
(10) BUDGETED? <input type="checkbox"/> YES <input checked="" type="checkbox"/> N/A <input type="checkbox"/> NO					
(11) OTHER AGENCY/ADVISORY GROUP INVOLVEMENT (LIST): The Army Corps of Engineers owns the Salinas Dam Facility. The San Luis Obispo County Flood Control and Water Conservation District operates the Facility for the Corps, delivers water to the City of San Luis Obispo, and is reimbursed by the City for all costs associated with the operations.					
(12) WILL REQUEST REQUIRE ADDITIONAL STAFF? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes, How Many? _____ <input type="checkbox"/> Permanent _____ <input type="checkbox"/> Limited Term _____ <input type="checkbox"/> Contract _____ <input type="checkbox"/> Temporary Help _____					
(13) ADMINISTRATIVE OFFICE REVIEW					
(14) SUPERVISOR DISTRICT(S) 5th			(15) LOCATION MAP <input checked="" type="checkbox"/> Attached <input type="checkbox"/> N/A		
(16) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Hearing (Time Est. _____) <input type="checkbox"/> Presentation <input type="checkbox"/> Board Business (Time Est. _____)			(17) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions (Orig + 4 copies) <input checked="" type="checkbox"/> Contracts (Orig + 4 copies) <input type="checkbox"/> Ordinances (Orig + 4 copies) <input type="checkbox"/> N/A		
(18) NEED EXTRA EXECUTED COPIES? <input checked="" type="checkbox"/> Number: 3 <input checked="" type="checkbox"/> Attached <input type="checkbox"/> N/A			(19) APPROPRIATION TRANSFER REQUIRED? <input type="checkbox"/> Submitted <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A		

Reference: 06APR25-C-2

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(19) ADMINISTRATIVE OFFICE REVIEW	 B-21 4-25-06
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SAN LUIS OBISPO COUNTY DEPARTMENT OF PUBLIC WORKS

Noel King, Director

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TO: Board of Supervisors of the San Luis Obispo County Flood Control and Water Conservation District

FROM: Wendy CrawfordHall, Administrative Services Manager *WMC*

VIA: Paavo Ogren, Deputy Public Works Director *du: GP*

DATE: April 25, 2006

SUBJECT: Request to Approve Salinas Dam and Reservoir Area - Supplemental Agreement No. 10 to Lease No. DACW09-1-73-56, for Operation and Maintenance for the period July 1, 2006 to June 30, 2011

Recommendation

It is our recommendation that your Honorable Board:

1. Approve the attached Supplemental Agreement No. 10 for the operation and maintenance of the Salinas River Dam Facility.
2. Direct the Chairman of the Board to execute said Agreement on behalf of the San Luis Obispo County Flood Control and Water Conservation District.
3. Send an original and one copy to the attention of Joyce Fredholm, Real Estate Division, Los Angeles District Corps of Engineers, PO Box 532711, Los Angeles, CA 90053-2325.

Discussion

The San Luis Obispo County Flood Control and Water Conservation District operates and maintains the Salinas River Dam Facility under a lease agreement with the Department of the Army. The City of San Luis Obispo receives water from this Facility and reimburses the District for all related expenses. The lease agreement is temporary in nature and must periodically be renewed. It is revocable at the will of the Secretary of the Army. The District has been operating the Salinas Dam Facility for the Federal Government since the 1950's.

The District and the City of San Luis Obispo are continuing the process of evaluating the Dam and surrounding facilities for compliance requirements and the steps needed to accomplish the transfer of ownership of the Dam to the District from the U.S. Army Corp of Engineers.

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The attached agreement supplement No. 10 will give the District and the City of San Luis Obispo the time needed to accomplish the transfer of the facilities to the District. The transfer is anticipated to include an estimated 4,000 plus acres of Federal land, is expected to require environmental review in accordance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). Construction of dam seismic improvements may be required by the California Department of Safety of Dams (DSOD). County staff is presently working with staff of the City of San Luis Obispo to identify all tasks and estimated costs for the transfer. That plan will be presented to your Board for approval once all of the information has been gathered.

Currently, the City of San Luis Obispo is funding and undertaking seismic engineering evaluations, for review by DSOD, to help determine whether seismic improvements to the Dam will be required as a condition of the transfer to State jurisdiction.

Other Agency Involvement/Impact

The Army Corps of Engineers owns the Salinas Dam Facility. The San Luis Obispo County Flood Control and Water Conservation District operates the Facility for the Corps. The City of San Luis Obispo has the established water rights, uses the water stored behind the dam (as per license with the Army Corp), and pays for all costs associated with the water from the facility. The Department of General Services has a license/lease for the recreation activities at the facility. County Counsel has approved the attached agreement as to form and effect.

Financial Considerations

There is no impact on the budget for FY 2005-2006 associated with the attached lease extension. Estimated costs to transfer ownership of the facilities will be included in the transfer plan that will be developed.

Results

Approval of this item will allow the present Salinas Dam operations practices to be formalized through the attached amendment to the operating lease, and the formal lease to be in effect through June 30, 2011. The extension of the current lease will give the District and the City of San Luis Obispo the time needed to work on the transfer of ownership of the facilities to the District.

Attachment: Supplemental Agreement No. 10

File: Salinas Dam, Contracts and Licenses

Reference: 06APR25-C-2

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Secretary of the Army
Lease No. DACW09-1-73-56
Salinas Dam and Reservoir Area
San Luis Obispo County, California

SUPPLEMENTAL AGREEMENT NO. 10

THIS SUPPLEMENTAL AGREEMENT NO. 10 entered into by and between the SECRETARY OF THE ARMY, representing the United States of America, hereinafter referred to as the Government, and the SAN LUIS OBISPO COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, hereinafter referred to as Lessee; WITNESSETH:

WHEREAS, on 13 August 1973, a lease was entered into between the Government and the Lessee for a term of five (5) years, beginning 1 July 1973 and ending 30 June 1978, for the operation and maintenance of the Salinas River Dam Project, San Luis Obispo County, California; and

WHEREAS, by Supplemental Agreement No. 1, dated 23 October 1975, Condition No. 28 was revised, increasing the sum being held as a balance in a special account from \$100,000.00 to \$250,000.00; and

WHEREAS, by Supplemental Agreement No. 2, dated 12 October 1976, the Government proposed to conduct a seismological study at Salinas Dam, estimated to cost \$165,000.00; and Condition No. 28 of the basic lease was revised, adding a surcharge cost of \$10,000.00 monthly to be paid by the City of San Luis Obispo; and

WHEREAS, by Supplemental Agreement No. 3, dated 1 June 1978, the termination date of said lease was extended for five (5) years, beginning 1 July 1978 and ending 30 June 1983; and

WHEREAS, by Supplemental Agreement No. 4, dated 11 December 1979, the lease was further amended to provide that the Lessee cause a survey and monumentation of the boundaries of the Salinas River Dam Project, that it accept full management and control of all grazing leases and that rental monies be used for a new perimeter fence and development and/or upgrading of the recreational land area; and

WHEREAS, by letter dated 12 January 1983, lessee requested that the term of the lease be extended, and the Government is agreeable to said extension for an additional period of five (5) years, with a 30-day cancellation clause, and that the working fund amount of \$250,000.00 as stated in Supplemental Agreement No. 4 is increased to \$400,000.00; and

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WHEREAS, by Supplemental Agreement No. 5, dated 30 June 1983, the termination date of said lease was extended for five (5) years, beginning 1 July 1983 and ending 30 June 1988; and

WHEREAS, by Supplemental Agreement No. 5, the language in Condition No. 28 of the basic lease was amended to read as follows: "Any balance in said special account in excess of a working fund of \$400,000.00 to be held by lessee shall be paid to the Government by lessee upon completion of each audit;" and

WHEREAS, by Supplemental Agreement No. 6, the lease was amended as follows:

1. That the termination date be extended for an additional period of five (5) years, beginning 1 July 1988 and ending 30 June 1993.
2. That the following wording in Condition No. 28 of the basic lease, as amended, is hereby deleted: "Any balance in said special account in excess of a working fund of \$400,000.00 to be held by Lessee shall be paid to the Government by lessee upon completion of each audit," and the following is inserted in lieu thereof: "A minimum cash working fund balance of \$100,000.00 to be maintained by lessee."
3. That the term "cash working fund balance" set forth in Condition No. 28 of the basic lease as amended is hereinafter intended to include all disbursements, less accounts payable, and all receipts less accounts receivable.
4. That Clause No. 35 of the basic lease is amended to read as follows:

"That the Lessee shall evaluate existing water quality conditions within the project and identify any water quality problems. The Lessee shall establish an appropriate monitoring program, to be approved by the Corps of Engineers, to include chemical, limnological, and bacteriological parameters. The Lessee shall maintain contact with the Environmental protection Agency, together with the California Regional Water Quality Control Board or the State of California, Department of Health Services as to the short and long-term water quality objectives established for the river basin. The Lessee shall work closely with all concerned entities in order to optimize reservoir operation to attain these objectives. The Lessee shall keep abreast of any activity in the watershed which may cause water quality problems such as urban development."

5. That the Government may terminate the lease upon 30 days written notice to the Lessee.

WHEREAS, by Supplemental Agreement No. 7, dated 22 June 1993, the lease was amended to extend the term for an additional five (5) years, beginning 1 July 1993 and ending 30 June 1998.

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WHEREAS, by Supplemental Agreement No. 8, the lease was amended to extend the term for an additional five (5) years, beginning 1 July 1998 and ending 30 June 2003.

WHEREAS, by Supplemental Agreement No. 9, the lease was amended to extend the term for an additional three (3) years, beginning 1 July 2003 and ending 30 June 2006.

NOW, THEREFORE, in consideration of the premises, the parties hereto do mutually agree that said lease is amended in the following particulars.

1. That the termination date is extended for an additional five (5) years, beginning 1 July 2006 and ending 30 June 2011.
2. That in all other respects, the terms and conditions of said lease as amended remain unchanged.

This transaction is not subject to Title 10, United States Code, Section 2662.

IN WITNESS WHEREOF, I have hereunto set my hand by authority of the Secretary of the Army this _____ day of _____, 2006.

THERESA M. KAPLAN
Chief, Real Estate Division

THIS SUPPLEMENTAL AGREEMENT NO. 10, together with all the conditions thereof is hereby accepted this _____ day of _____, 2006.

SAN LUIS OBISPO COUNTY
FLOOD CONTROL AND WATER
CONSERVATION DISTRICT

APPROVED AS TO FORM
AND LEGAL EFFECT

JAMES B. LINDHOLM, JR.
COUNTY COUNSEL
SAN LUIS OBISPO COUNTY

By *Edward J. Zoran*
Deputy County Counsel

Date 4/12/06

BY: _____

TITLE: _____

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