



COUNTY OF LAKE

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CAROL J. HUCHINGSON

County Administrative Officer

MEMORANDUM

TO: Board of Supervisors

FROM: Carol J. Huchingson, County Administrative Officer

DATE: August 1, 2019

SUBJECT: Staff Report on Lake Pillsbury, Effects of Decommissioning of Scott Dam

EXECUTIVE SUMMARY

Direct effects of decommissioning Scott Dam are not enormous in general magnitude, but quite significant to communities already struggling, and potentially economically devastating to those who have made the Lake Pillsbury area their home. Indirect economic effects are difficult to quantify, but the summer population of an estimated 3,000 non-permanent residents would include many who shop in surrounding communities while en route. The summer population is estimated by the Lake Pillsbury Fire Protection District at between 6 and 10 times the number of permanent residents. 35 active registered Lake County voters are within the boundaries of the Lake Pillsbury Fire Protection District.

Efforts are well underway, and Lake County has been a part of both Congressman Huffman's Ad Hoc Committee and Eel-Russian River Commission's discussions without staging large-scale protest, to date. However, the 300-500 Lake Pillsbury area residents (Lake Pillsbury Alliance estimates "450 homeowners and ranchers," many of which we expect are out-of-area owners) need strong representation, in that they stand to suffer the greatest economic losses, and "Minimizing" and mitigating effects on "Lake Pillsbury businesses and residents" is a secondary priority.

CURRENT COUNTY REVENUES

Property Values and Taxes:

- 628 parcels with property taxes assessed by Lake County; 196 with structural improvements; 14% of tax bills are mailed to a local address
- Billed net value: \$38,810,797.00
- Property Taxes: \$436,215.44 (Estimated \$90,000 to County General Fund)

TOT:

- Past two years \$15,000-20,000, both considered wildfire-affected
- Minor uptick anticipated due to increased TOT enforcement, vacation rentals

Sales Tax:

- \$1,400.00 in FY 2018/19 (majority of items sold not subject to sales tax)
- Visitors also patronize regional businesses en route to Pillsbury

THEMES FROM ADMINISTRATION'S RESEARCH

1) The area immediately affected by the most drastic approach, decommissioning of Scott Dam, is also expected to benefit least in the long-term.

- Great initial inconvenience and disruption; property values likely to significantly decline
- Total loss of investments made in items such as docks.

Mitigating these effects is a secondary priority of Congressman Huffman's ad hoc committee, and area residents already feel underrepresented, despite the fact these effects remain abstract at this time. What would be the right recompense if the dam is ultimately decommissioned?

2) Lower cost alternatives to decommissioning could make a positive difference: The status quo is very bad for salmonid species; there is no fish ladder in the current Scott Dam. Adding a fish ladder could have a positive effect at a lower level of cost, without dramatically altering the character of an area.

3) Potential environmental impacts are not fully understood.

- **Lake Pillsbury is mercury-impacted**, due to historical mining; upsetting decades of sediment may have downstream consequences. Better understanding these prior to undertaking such a costly effort is essential.
- **Disposal of sediment is presumed to be done “locally,” and it is unclear what that means.**
 - Further impact upon those families living in the area?
 - Greater downstream environmental impact from erosion upon the communities most likely to be immediately affected?
- **What are the anticipated impacts to local and downstream groundwater?**
- **What effect would decommissioning Scott Dam have on capacity for wildfire suppression?**

4) The other Counties involved in this effort (Mendocino, Humboldt, and Sonoma), can have their needs largely met whether or not Scott Dam is decommissioned.

- When “the Ad Hoc Committee” agrees to a direction, Lake County can be isolated, and the reasons may not be well publicly understood.

PREVIOUS LAKE COUNTY BOARD OF SUPERVISORS ACTIONS

- **August 21, 2018:** Voiced opposition to decommissioning Scott Dam (Resolution No. 2018-114)
- **June 25, 2019:** Reiterated opposition via Minute Order

The August 2018 Resolution had little effect on the direction of the Ad Hoc Committee, and recent quotes from Congressman Huffman suggest he felt our June 2019 protest could be credibly depicted as a change of direction. He may have experienced Lake County opposition, to date, as loosely held. Lake County’s concerns were shared before the Eel-Russian River Commission at least March 29 and August 5, 2019.

POLITICAL ENVIRONMENT

Congressman Huffman represents all of the Counties involved in this process except Lake. Efforts by Humboldt County, Cal Trout, and others, are well in progress, and Lake County has long had seats on Congressman Huffman’s Ad Hoc Committee and the Eel-Russian River Commission, for example. Our relative lack of protest to date is therefore significant, and the raw numbers (e.g. 300-500 residents) and suboptimal measurability of the economic impact also make digging in against Humboldt County, for example, difficult. Public interest in decommissioning Scott Dam is strong in Humboldt County.

Potter Valley Project – Scott Dam Removal & Potential Impact on Lake County

Background on Current Revenue

Population-

Lake Pillsbury Fire Protection District sphere of influence spans 14,329 square miles. The population of the Lake Pillsbury area varies greatly seasonally. There are approximately 300-500 year round residents, with summer population ranging from 500 – 3,500 people or more.¹

Property Values & Taxes-

Based on a review of tax records, there are 628 parcels with a Lake Pillsbury situs that have property taxes assessed by Lake County. Of these, 196 parcels have structural improvements indicated on the tax bill. 14% of property tax bills in the area are mailed to a local address. A large amount of land in the area is held by the US Forest Service, and is exempt from taxes. In 2018, this gave a billed net value of \$38,810,797.00. The property taxes assessed for 2018 are \$436,215.44.

Transient Occupancy Tax (TOT)-

Lake Pillsbury has a collection of vacation home rentals, campgrounds, and a resort that all contribute TOT to the County. They range from \$15,000 - \$20,000 on average during the last two years. These numbers may increase in the future due to the effects of the major wildfires on the tourist industry in each of these years along with efforts to identify previously unregistered vacation rentals in the area that will now be taxed and have delinquencies addressed.

Sales Tax -

In FY 18/19 approximately \$1,400.00 in sales tax was reported being paid by Lake Pillsbury businesses. Since often the majority of items in these businesses may not be subject to sales tax, it is difficult to draw conclusions on revenue earned. Visitors may also patronize Lake County businesses that they pass in transit to Lake Pillsbury.

Environmental & Economic Impacts to Lake County with Proposed Scott Dam Removal

Economic Impacts

- a) Property value decline is a serious risk. Lake Pillsbury recreation is the only economic driver in the region. Infrastructure, such as a marina, developed around the lake's existence would be most severely impacted. Local business appears to be dependent on the influx of summer tourism.

¹ *Living with Wildfire: Lake County Community Wildfire Protection Plan Overview and Summary.* (August 2009).
Page 6-5

- b) Loss of tax revenue for Lake County. Given the isolated nature of the area, a significant loss of existing revenue could be possible if access to the recreational resources offered by Lake Pillsbury are removed.
- c) Unclear where river channel would be placed and what impact it would have on Lake County home values due to flooding or erosion. E.g. a proposed drawing places it very close to Rice Fork Summer Homes. It appears a new flood plain would be created.
- d) The potential impacts on water rights and supply for area residents and businesses does not appear to be addressed. This could further impact values.
- e) Massive construction will be required to accommodate the decommissioning. Impact on tourism and residents during this time not addressed.
- f) FOER commissioned 2002 report on economic impact to Lake and Mendocino counties really only addressed Mendocino and seems to be missing any data necessary to support its statements about Lake County. It appears possible the authors may not have fully understood which locations belonged to each county. No discussion of the economic losses associated with removal of Lake Pillsbury. UC study directly contradicts some of their assumptions.

Environmental Impacts

- a) Improving fish/habitat in the Eel River basin and minimizing/avoiding adverse impacts to water supply reliability, fisheries, water quality and recreation in the Russian River & Eel River basins are **Co-equal goals**. “Minimize and mitigate adverse impacts to Lake County, including Lake Pillsbury businesses and residents” is a secondary or “**Other goal**”.
- b) New river channel will have to be excavated to recreate the natural run of river. Reports acknowledge there is a high level of sedimentation in Lake Pillsbury. Since sediment removal has been determined to be cost prohibitive it is expected there will be erosion of material during flood events. This will require extensive work.²
- c) 1.5 million yards of sediment to be excavated.³ There is consistent discussion about finding local placement for debris including sediment. This is another potential impact on Lake County’s environment and property values.
- d) The level of leachable metals/contaminates in Lake Pillsbury’s sediment from “historical upstream sources that could be mobilized during dam removal activities is not currently well understood.”⁴
- e) Listed Disadvantages from SCWA Feasibility Study⁵:
 - Lost hydropower generation (corresponding impacts to use of fossil fuels, greenhouse gases, air pollution, non-renewable energy)
 - Potential Sacramento Pikeminnow expansion downstream
 - Loose ability to store water and flow diversion to Potter Valley
 - Dam removal and resulting material disposal

² *EnviroAnalytics Group – Memorandum RE: Potter Valley Project – Evaluation of Sediment Stabilization Measures* (August 14, 2018.) Page 2

³ *EnviroAnalytics Group – Memorandum RE: Potter Valley Project – Evaluation of Sediment Stabilization Measures* (August 14, 2018.) Page 3

⁴ *EnviroAnalytics Group – Memorandum RE: Potter Valley Project – Evaluation of Sediment Stabilization Measures* (August 14, 2018.) Page 3

⁵ *Potter Valley Project Capital Modifications Feasibility Study Report – Potter Valley Project, FERC No. 77-110.* (July 2018.) Page 36

- Assume contaminated sediments; riverine transport and/or disposal pre-and postremoval
 - Long-term sediment transport issues from modified landscape
 - Changed public recreational areas, activities
 - Post-activity ecosystem monitoring, mitigation
 - Impacts to downstream water users (irrigation, municipalities)
 - Reduced flood-control options below system
- f) The SCWA study's Option E, complete sediment removal, was determined not to be feasible as it was cost prohibitive with actual sediment removal. Sediment management is nearly half the cost at \$65 million vs \$112 million according to some preliminary figures.⁶
- g) Lake County seems to absorb much of the risk in the cost-benefit analysis. No discussion of Lake Pillsbury residences or businesses, including potential water supply shortage or potential contamination.

Potential Alternative Options to Investigate That Mitigate Economic Harm and Protect Environment

1. Upgrade of turbines at the Potter Valley Project
 - a. Upgrade could be a cost effective way to boost 9.4 MW capacity. The turbines are original and most likely outdated.
 - b. Small Hydro plants (> 30 MW) qualify as renewable. PG&E abandoning small hydro plants due to present costs and bankruptcy status. Need to be forward thinking as State's renewable mandate proceeds.
 - c. No increased land use. FOER argument that 5 acres of new solar panels could offset does not seem to match up to available info. Appears 2.5x to 4x that amount of land would be necessary. This would require further investigation.
2. Complete Sediment removal if Scott Dam Decommissioned
 - a. Deemed too costly to fully evaluate but only way to prevent potential environmental contamination damage that will be borne by Lake County with a dam removal.
 - b. Lake Pillsbury is designated as being mercury impaired. Erosion/flooding/large storm events could further disturb contaminated sediment. Impact of wildfires on the area could greatly exacerbate run off concerns in years to come. This risk is not discussed.
 - c. Past mining operations are believed to be impacting lake.
 - d. Wildfire will continue to change landscape. Unknown what new sources of contamination may emerge. Wildfire can increase sedimentation and contaminants.
 - e. Needs detailed review of past and present mining projects downstream that could fall into new flood zone etc.
 - f. Without this option Lake County is the only party to suffer immediate economic harm and bears enormous risk. Downstream users may have opportunity to mitigate risk potential.
 - g. 2017 Federal Guidance indicates that removal and disposal can be required. Cites situations where dams were not removed due to sediment issues.
3. Decommissioning Alternatives
 - a. The alternatives discussed in the SCWA feasibility study pertaining to providing fish passage through the Scott Dam may be able to satisfy the goals of all parties. While it

⁶ *Potter Valley Project Capital Modifications Feasibility Study Report – Potter Valley Project, FERC No. 77-110.* (July 2018.) Page 21

may not produce the most optimal conditions it does not appear to carry many of the environmental risks and potential cost concerns.

- b. Collect and Transport (C&T) document put forth by PG&E. "Implementation of C&T can be deployed relatively quickly with modest cost and immediately provide information on the productivity potential of the upstream habitat."⁷ This option would not disturb sediments and uses existing infrastructure. Flows are preserved for both current and potential changed levels. Can be short term or long term solution.
 - i. "Creation of Local Jobs. Operation of the collection and transportation facilities and equipment would create good paying jobs that could be targeted for tribal members or local residents."⁸
 - ii. "Minimal Disruption to Recreation use of Lake Pillsbury. The C&H program is fully compatible with continued use of Lake Pillsbury for lake-based recreation and would not disrupt any recreation activities during the primary recreation period of July through September."⁹

⁷ Potter Valley Project Collect-and-Transport Option for Fish Passage at Scott Dam: Informational Document Prepared by Pacific Gas and Electric Company and Cardno for the Ad Hoc Committee Fish Passage Working Group. June 5, 2018. Page 1.

⁸ Potter Valley Project Collect-and-Transport Option for Fish Passage at Scott Dam: Informational Document Prepared by Pacific Gas and Electric Company and Cardno for the Ad Hoc Committee Fish Passage Working Group. June 5, 2018. Page 3.

⁹ Potter Valley Project Collect-and-Transport Option for Fish Passage at Scott Dam: Informational Document Prepared by Pacific Gas and Electric Company and Cardno for the Ad Hoc Committee Fish Passage Working Group. June 5, 2018. Page 3.

Potter Valley Project – Quotes

Where could the money come from? As Congressman Huffman said, “If you look around at any stakeholder in either basin, none of them has the capacity to solve this problem and pay for it on their own. The only way to do this is to come together and unlock state and federal money.” His stakeholders group could sign a legal agreement giving the project a way forward without litigation

As Relicensing Looms, Aging Dams Face a Reckoning. Stanford University – The Bill Lane Center for the American West. <https://west.stanford.edu/news/blogs/and-the-west-blog/2019/green-power-source-or-fish-killer-relicensing-looms-aging-dams-face-reckoning>

“The only thing I ask of everybody on the ad hoc committee is that they agree to [the two-basin principles](#),” Huffman said.

Even this seemingly simple goal was recently complicated when the Lake County Board of Supervisors [passed a resolution](#) categorically opposing the removal of Scott Dam in hopes of preserving Lake Pillsbury.

Huffman said that stance is “absolutely inconsistent” with the two-basin principles. “We’ll have to have a conversation about that,” he said.

Tribes Say They’ve Been Left Out of the Process on Potter Valley Project, but Congressman Huffman Begs to Differ. <https://lostcoastoutpost.com/2019/jul/22/tribes-say-theyve-been-left-out-potter-valley-proj/>

From these “co-equal goals” the two principle problems that have been addressed by working groups within the ad hoc committee are fish passage in the Eel River watershed and water supply reliability in the Russian River watershed.

Congressman Jared Huffman is a fishing enthusiast. Earlier in his career, he served as the senior attorney for the Natural Resources Defense Council and has experience serving on the Board of Directors for his local water organization, the Marin Municipal Water District. As the Congressional representative for the entire region of the Eel River and Russian River watersheds, Huffman explained, “The ad hoc exists because I saw a need for a board set of stakeholders to pursue an alternative to a protracted and uncertain FERC decision that could decide the fate of both basins. It is a group that exists to explore a potential multi-stakeholder, multi-basin settlement.”

Huffman confirmed that this ad hoc committee is designed to lay groundwork for a Negotiated Settlement on water rights as the process moved forward. Because of the mediated and confidential nature of the work often done at the ad hoc, it is not open to the public or the press, and this stands in contrast to the Eel Russian River Commission. Although minutes and notes have been posted at pottervalleyproject.org

<http://kymkemp.com/2019/04/02/opportunities-for-decommissioning-the-potter-valley-project-revealed-at-eel-russian-river-commission/http://kymkemp.com/2019/04/02/opportunities-for-decommissioning-the-potter-valley-project-revealed-at-eel-russian-river-commission/>

Decision Making

Each organization or agency participating will speak with one voice in final Ad Hoc decision making. If an organization or agency has more than one representative, the organizational representatives will identify one spokesperson to participate in assessing whether the Committee has consensus on a particular recommendation.

The Ad Hoc Committee will strive for consensus decision-making in its deliberations. The definition of consensus spans the range from strong support to neutrality, to abstention, to "I can live with it." A member organization can "stand aside" and let the Committee reach consensus. This would still constitute a consensus agreement and outcome.

If consensus cannot be reached, the Ad Hoc Committee will forward the options considered, with explanation of areas of consensus and divergence, for consideration during the formal FERC relicensing process.

Congressman Huffman's Potter Valley Project Ad Hoc Committee Charter

<http://pottervalleyproject.org/wp-content/uploads/2019/01/Ad-Hoc-Charter-Refined-11-2018.pdf>

But in the summer, the lake draws thousands of people for camping, fishing, hiking, boating and waterskiing, while the Soda Creek Store on the lake's west side sells \$10,000 worth of ice, said Edie Uram, who has run the store with her husband, Nick, for 30 years.

Frank Lynch, a Cloverdale-area resident whose family has leased a cabin at the lake since 1947, said he's concerned the permanent and part-time residents — numbering close to 600 — are being ignored in the deliberations over Scott Dam's future.

"Obviously, we're being self-protective," he said. "We love our lake."

Lynch, who is president of the Lake Pillsbury Homesite Association, said he has tried, without success, to gain a seat on the stakeholders' committee.

"There needs to be a recognition there is a community here," he said.

CalTrout wants old Scott Dam on Eel River removed to help salmon and steelhead

<https://www.pressdemocrat.com/news/9312399-181/state-environmental-group-wants-old?sba=AAS&fbclid=IwAR1nCzX5d4xG3a2dPAdRQtgKjPR2tJr1mcJfbgygpqxOOL40rzrfaNiQjBk>

Discussion Insights

Some participants expressed concern that the frankness of Ad Hoc discussions could be inhibited if meetings are not treated as confidential. In response, the Ad Hoc Committee agreed that meeting summaries would remain high level and without attributions. Meeting summaries are intended to advance the Ad Hoc's work and inform the working groups' efforts.

Meeting Summary Huffman Potter Valley Project Ad Hoc Committee Meeting held May 30, 2018

http://pottervalleyproject.org/wp-content/uploads/2018/06/2018_5-30-Ad-Hoc-Meeting-Summary.pdf



Congressman Jared Huffman
Potter Valley Project Ad Hoc Committee
08.01.2018

Proposed Goals and Principles for a Two-Basin Solution

We as interested parties in the Potter Valley Project Ad Hoc Committee are committed to joint problem solving and working toward an outcome of the PVP relicensing process that reflects the following goals and principles:

- Co-equal goals:
 - Improve fish passage and habitat on the Eel River sufficient to support recovery of naturally reproducing, self-sustaining and harvestable native anadromous fish populations including migratory access upstream and downstream at current project dam locations; and
 - Minimize or avoid adverse impacts to water supply reliability, fisheries, water quality and recreation in the Russian River and Eel River basins
- Other goals:
 - Respect tribal rights and their traditional connections to aquatic life, water and cultural resources in both basins
 - Minimize and mitigate adverse impacts to Lake County, including Lake Pillsbury businesses and residents
 - Ensure accountable governance and financially viable operations, including addressing potential liabilities
 - Jointly pursue public funding based on environmental and water supply benefits
 - Ensure that implementation of fish passage improvements in the Eel River basin happens in parallel and ideally simultaneously with water supply solutions in the Russian River basin