

Staff Report

File #: 17-554**Version:** 1**Date:** 12/11/2017**Item #:** 6. a.

TO: Mayor and City Council**THROUGH:** Steve Powers, City Manager**FROM:** Peter Fernandez, PE, Public Works Director**SUBJECT:**

Deferring negotiations on a new Intergovernmental Agreement (IGA) with the Santiam Water Control District and extending the terms of the 1966 IGA.

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

ISSUE:

To inform City Council of the decision to defer negotiations on a new Intergovernmental Agreement (IGA) with the Santiam Water Control District and to allow the terms of the existing agreement to be extended.

RECOMMENDATION:

Information only.

SUMMARY AND BACKGROUND:

In June 1966, the City, Santiam Water Control District (District), and Boise Cascade Corporation (Boise) entered into an Intergovernmental Agreement (IGA) for the maintenance, repairs, reconstruction, and modification of two diversion dams, two fish ladders, and other related appurtenances on the North Santiam River located near Stayton. The two dams—Upper Bennett and Lower Bennet—divert flow to the north channel of the river and into Salem Ditch (Mill Creek) and allow the parties to withdraw their respective water rights. Boise was released from its interest in the IGA when the City acquired the last of Boise's water rights in 1986.

The original term of the 1966 IGA was 50 years, with automatic renewals for two 25-year periods at the end of the initial 50-year period, unless the agreement was amended. In 2016, the City and the District signed an amendment to the IGA that extended the terms of the agreement to December 31, 2017. The intent was to use this additional year to negotiate a new IGA that would better reflect the

current practices and expectations of both parties. Allowing the extension to expire activates the automatic renewal provision of the agreement. The City would have the right to terminate the agreement, if it wishes, in 2021.

The City and the District have mutually agreed to let the extension expire with no further action from either party in the near term. The key consideration in this decision is the fact that both parties are still evaluating issues and options regarding interests, ownership, and responsibilities for repairs or replacement of one or both of the diversion dams. Engineering and operational studies are ongoing and are not expected to be completed in the near future. The City and the District remain committed to working in close collaboration while the original terms of the IGA remain in full force and effect.

As studies are completed, the City will resume negotiations with the District to develop a new long-term agreement that will cover the operation, maintenance, repair, and replacement of the shared facilities.

FACTS AND FINDINGS:

1. On June 22, 1966, the City, the District, and Boise entered into a 50-year IGA related to the operation and maintenance of the Upper and Lower Bennett Dams (Attachment 1).
2. On April 25, 2016, Council approved amending the 1966 IGA (Attachment 2), extending its term to December 31, 2017, to provide time for the City and the District to negotiate a new IGA.
3. Following several months of discussions between the City and District, both parties concluded that further work on a new IGA should be deferred until studies have been completed that will better outline options for repair and/or replacement of the two diversion dams.
4. Per the 1966 IGA, the term of the agreement will automatically extend for two successive periods of 25 years.
5. Throughout the term of the IGA, the parties can mutually consent to terminate or amend the agreement.
6. The City has the right to unilaterally terminate the agreement at the end of every five-year period following the date of extension, with the next five-year period ending in June 2021.

Robert D. Chandler, PhD, PE
Assistant Public Works Director

Attachments:

1. Intergovernmental Agreement with City of Salem, Santiam Water Control District, and Boise Cascade Corporation. 1966.
2. Amendment to Intergovernmental Agreement between City of Salem and Santiam Water

Control District. 2016.