



*CITY OF RIVER FALLS, WISCONSIN
COMMON COUNCIL PROCEEDINGS*

**JOINT WORKSHOP WITH THE COMMON COUNCIL AND UTILITY ADVISORY BOARD
REGARDING HYDROELECTRIC RELICENSING**

January 19, 2021

Mayor Dan Toland called the meeting to order at 5:30 p.m. in a virtual meeting format due to the Covid 19 pandemic. The City Council Chambers was open for public to attend.

City Council Members Present: Todd Bjerstedt, Sean Downing, Christopher Gagne (5:43), Scott Morrissette, Diane Odeen, Ben Plunkett, Hal Watson

Utility Advisory Board Members Present: Matt Berning, Pat Richter, Mark Spafford, Kevin Swanson, Tim Thum, Kellen Wells-Mangold

Staff Present: City Administrator Scot Simpson; IT Specialist Jon Smits; Assistant City Administrator Jason Stroud; City Attorney Chris Gierhart; Utility Director Kevin Westhuis; others

Others Present: Lesley Brotkowski, Peter Haug, Mike Rogne, others

Hydroelectric Relicensing and Study Update:

Mayor Toland turned the meeting over to Utility Director Westhuis. Westhuis welcomed new UAB member Matt Berning. He gave a brief summary of the agenda and possible online attendees. Westhuis introduced Lesley Brotkowski from TRC. Brotkowski provided a presentation.

She showed the FERC schedule. The process began in August 2018. Brotkowski talked about the process and where we are now. We have been working with the Army Corps of Engineers (USACE) through the Planning Assistance to States (PAS) Program. It is a cost share program that assists with comprehensive plans for water and related land resources. The program is a 50/50 cost share with \$210,000 provided by USACE. The PAS Program was used to support 2020 studies. Westhuis said the City spent about \$175,000 on studies and the remainder went toward administration costs.

Brotkowski showed a study overview. She spoke about 2020 studies and their purpose. The studies included were hydrologic and hydraulic evaluation, water quality study, Lake George shoreline habitat assessment, aquatic invasive species survey, mussel survey, riverine habitat evaluation assessment, recreation use survey, archaeological survey, sediment study, and decommissioning plan.

Brotkowski finished her presentation by talking about the next steps which includes an updated study report on February 9 and submission of license applications.

Aldersperson Morrissette asked about the frequency and costs of studies. Brotkowski said frequency depends on what we are looking at. She didn't have an extra cost but provided some examples.

Alderperson Plunkett asked about studies showing dissolved oxygen concentration which dropped below required thresholds. Brotkowski explained the data was taken in 15-minute intervals and the table showed a range. She said the levels seem to recover as it moves downstream. She provided further details noting that this study would be covered in more detail at the February meeting.

UAB Member Mark Spafford asked if oxygen numbers were available for ¼ mile south of the Powell Dam. Brotkowski said there were not. She suggested Trout Unlimited may have those numbers. Spafford asked if the mussels study considered an abrupt removal of the dam. Brotkowski said it was removal and potential effects. She gave further details.

Peter Haug from Ayres and Associates gave a presentation. He talked about the lake before and after the flood and showed photos. In October, Lake Louise was drawn down and a dam inspection was done. Haug showed several photos of the channel that was created after the drawdown.

Haug shared information from the October dam inspection. There were concerns regarding right abutment concrete loss, a bent gate hoist stem resulting in difficult operation, a continuous crack through sluiceway's right wall, and a trash rack plugged. Haug said the Kinni is subject to floods larger than the sluiceway can handle. Even with the lake draw down, there is risk going forward with regard to the lake refill almost every year. Haug said a slow draw down works well for limiting sediment transport and turbidity but a rapid refill followed by a fast draw down results in a "lake bounce" and increases sediment and turbidity levels. Westhuis clarified that a relatively small rainfall of a couple of inches can cause this to happen. We are trying to avoid "the bounce".

Haug outlined five options for a path forward:

- Option 1 - repair the dam, refill Lake Louise in 2021, operate powerhouse until 2023, then initiate dam removal 2024-2026 with restoration by 2027.
- Option 2 – keep drawn down with no changes until 2023, then initiate dam removal 2024-2026 with restoration by 2027.
- Option 3 – keep drawn down but fix gate so it opens more and more easily and pull turbine, start sediment removal downstream of dam 2021, surrender FERC license for Powell (2022), and apply under state jurisdiction to remove dam after amending FERC license. Site restoration expect to be complete in 2026.
- Option 4 – keep drawdown but pull turbine/trashrack and new flow opening in 2021. Sediment removal in 2021 and lakebed shaping in January 2022. Complete dam removal 2024-2026 with restoration by 2027.
- Option 5 – keep draw down and proceed with dam removal as rapidly as permit/approvals will allow. Sediment removal in 2021 and lakebed shaping in January 2022. Armor Lake Louise channel to lock it in place while dam is removed in 2022-2023. Restoration by 2024.

Haug talked about consultations with other partners. The Wisconsin Department of Natural Resources recommends keeping the impoundment drawn down until the dam is removed. They also suggested conducting a grade stabilization of the lakebed and Louise channel this winter, creating a larger opening in the dam, and utilizing proactive sediment management.

Trout Unlimited prefers Option 5 and suggests modifying powerhouse to help flow control, seed impoundment immediately, lower sanitary sewer crossings as needed, implement sediment trapping, and add more disposal sites along lake fringe.

Haug ended his presentation with a slide showing the five options and costs associated with each. He noted the cost of Option 3 was less due to a possible grant. Westhuis asked how we transition from FERC to a state program in the next two years. Haug said if the City was going to generate, it needs to stay under FERC guidelines and operate according to its FERC license which is Option 1. Haug has had discussions with Brotkowski, and they believe the only path forward for Options 2-5 is to get a license amendment. The license amendment says the City is surrendering its license for Powell Falls. Westhuis talked about working with partners. Haug believed that all stakeholders were in favor of at least Option 3.

Alderson Plunkett asked about the danger potential of Options 3 and 4. Haug said Option 3 preserves the City's ability to close the gate. With Options 4 and 5, the City no longer has control over the lake. There are risks with Options 4 and 5 of runaway sediment transport. Haug provided a worst-case scenario for Option 3. He talked about the importance of not letting the lake "bounce". Plunkett asked again wanting confirmation about zero risk and loss of life with Option 3. Haug explained this is a low hazard dam and loss of life is not a risk. The biggest risk is environmental. There is a risk with every option which would have to be managed which Haug detailed. Plunkett's focus was more on the potential hazard to human life if there was a catastrophic event. He asked about the DNR grant in relation to Options 4 and 5. Haug said the City needed to be out from under FERC and surrender the dam up front. He provided an explanation. Brotkowski talked about getting an amendment and decommissioning scenarios.

Westhuis asked Haug to clarify that there was no danger for the dam failing today. Haug said yes, but there are conditions. He talked about FERC not wanting ice pressures building up at the top of the dam. He provided further details. Westhuis said the City recently completed a robust emergency action plan in the event of a catastrophic failure.

UAB member Kellen Wells-Mangold asked about the DNR grant and if Trout Unlimited is willing to put forth finances to assist with their recommendations. Westhuis shared there are no grants or funding yet. Alderson Watson has had conversations with Corridor Collaborative and Trout Unlimited. He said they are waiting for the City to decide on an option before pursuing money. There is money available through legislative action, the state, the governor's office, the DNR, the USACE, but a decision needs to be made. Westhuis noted that the USACE will be doing a study this summer to see if they can help fund dam removal.

Wells-Mangold asked about the grant availability. Haug said there are two categories: municipal dam repairs which is very competitive and dam removal which is not as competitive. He estimated the number of applications and felt there could be 70 percent chance of getting a dam removal grant.

Mike Roney, Dam Safety and Floodplain Engineer from the Eau Claire DNR office, provided clarification on grants. For a dam regulated under Chapter 31, if it is owned by a municipality, it may be eligible for a dam grant. Roney explained the particulars on how the grant is funded. It only covers certain percentages of certain amounts. The application process has been competitive over the last couple of budget cycles. He provided further details.

Alderson Gagne had a question about funding from stakeholders which was previously answered. He asked about the earliest timeframe for getting an amendment and removing the dam. Brotkowski thought a best guess would be a year to get approval depending upon the option chosen. She provided further details.

Watson asked if the City submits an amendment application to relinquish lower dam from the license process, would that be enough to move ahead with an application for the DNR grant option? Roney said we would want to know for sure that the license was being surrendered and that it was a Chapter 31 jurisdiction because there is risk of FERC not allowing it. He felt the DNR would work with the City knowing what the intent was.

Alderson Odeen asked if there was any reason for the City not to get Powell dam out from under FERC as soon as possible. Haug did not see an advantage to staying under the license unless the City is committed to the generation path. There was discussion about application for the grant and budget cycles.

Gagne asked if there were any negatives to DNR control over the dam. Haug said it is not a matter of control; the DNR has a vested interest in maintaining the resource. He talked about the importance of having a good relationship with the DNR. Gagne asked if the DNR could force the City to remove the dam earlier than wanted. Roney talked about the state's dam inspection program and possible scenarios. Westhuis talked about both the FERC and DNR requiring the dam to be safe. Westhuis talked about amending current license and the reasoning for doing that. Brotkowski provided further details.

Wells-Mangold asked about how the project gets paid for if grants don't materialize. Westhuis said it was an electric utility responsibility and would fall on the ratepayers. City Administrator Simpson said ratepayers are on the hook whether the dams are removed or left in. If the community determined to continue to produce electric power, the City has millions of dollars of expenses to budget for and recoup in the rates. We decided as a community to remove the dams and there are millions of dollars of expenses to do that. Under the scenario of continuing to operate hydro, there is no line of people offering to assist us in finding funding. Under removal, there is a line. It is correct that they haven't shown up with briefcases of cash to date, but that is our only option. It has been clear that the electric utility is responsible for either maintenance and production of the hydroelectric dams or removal. At this point, we are talking about what is the most efficient – whether it is the DNR or FERC. He talked about a mix of funding sources. Simpson talked about trading FERC for DNR control. He talked briefly about the history of the project and other options to get DNR money.

UAB Member Mark Spafford brought up several points. Lake Louise was lowered to inspect the dam which Haug has said there is no structural deficiency noting the City Council promised citizens that the hydro would run until removal and restoration in 2027. He wanted someone from the Council to address that point. There's no restoration plan that he has seen for what the dam area and restoration of the river will look like. An importance aspect of this is who has got the money. Spafford was surprised by what Watson said as he was under the impression that this would be private funds – no local funds – and the ratepayers won't be slapped with expensive bills. Now Spafford has heard money is coming from the legislature and a DNR grant which would both be coming from "us". What happened to the private funds? Spafford continued, expressing admiration for Brotkowski's and Haug's expertise. He was in favor of only Option 1 and stated why.

Morrisette appreciated Spafford's point of view but said the Council also passed a resolution - a "no resuscitate order" - recognizing in an ideal situation, the dam would continue to run with little or no repair. He explained why he felt Option 1 was not viable. He talked about frustration with shareholders wanting the City to do certain things but not providing more support. Morrisette said the stakeholders need to step up in a written form saying that they will go and get funds. We were told there were private funds available. Morrisette is not in favor of Option 1. He asked Haug about pulling back riverbanks. Haug talked about managing sediment in the lake or below the dam. He outlined possible options. There was further discussion about sediment removal.

Watson advocated for Option 3 saying let's put money where we have to anyway – to where we are going to have to work. He feels Option 3 provides the most flexibility and the repair needs are the lowest. He talked about the partnership with the DNR and their ability to repair streambanks. He addressed Spafford's comments saying there are also private monies. He agreed with Morrisette that we need to start seeing something from stakeholders but remember the timeline has been compressed. He felt everyone is doing their best. He is looking at Option 3.

Odeen addressed Spafford's comments about funding, noting the resolution which was passed stated "will establish a fiscally responsible financing plan. Fiscally responsible financing means no use of local general property tax levy." She said that does not exclude getting state funds to help with this project.

Gagne said it would be a great time for Friends of the Kinni to step up and put some funds behind the project.

Simpson addressed Spafford's comments saying there was never an expectation that the City would be producing electric past 2023. The timeline we are talking about is two more years of electric revenue. The target date is 2026 for removal and stream restoration. We are counting on privately raised and state and federal resources to do the stream restoration portion of the project. Simpson felt staff has been clear at public meetings that we are focused on the bare minimum regulatory required removal and restoration of the area immediately around and adjacent to the dam. He said the Kinni Corridor Project and the resolution encompasses more projects than that. Staff hasn't gotten any direction from Council to put any associated electric utility, stormwater toward those projects. He doesn't feel that we can meet FERC's expectations to repair it with our own staff to let us do the hydro

production. He spoke further suggesting that a straw poll be taken to see if there was any support for Options 4 and 5.

UAB member Patrick Richter shared the concerns of Spafford and Wells-Mangold. The last time we met, we discussed finances. He talked about making it through the studies without saying the words \$5 million dollars which is something to celebrate. We're looking at \$1.5 versus \$5 million type numbers. It is big but we are spending the money one way or another. He wants to move slow, but he went and saw the dam and the opportunity to move ahead. He hears that repairing the dam is impractical but would still like to have the money committed before we spend it. He has to rely on the City to be in a good financial situation so we can confidently move ahead.

Spafford wants to slow the process down and see some things evolve through this. He talked about letting the hydro run another year or two and about making repairs. We could do what we are looking at in Option 3. It feels like things are happening because they are happening, and he is not comfortable with that.

Plunkett didn't understand why we wouldn't be eligible for the DNR grant if we go with some variation on Option 4. He would like to keep some potential for that and keeping option of adding new flow opening. He would like more information on that.

Haug talked about Option 1 and refilling the lake. There's a risk that if you refill the lake and don't drain it until 2024, you have three more years of sand coming in and filling the channel and the agencies might say there's too much risk. You would have to pre-dredge the channel before you draw it down again. That's why the cost is in Option 1.

Alderson Downing is leaning toward Option 3 but acknowledged Spafford's comments about the promise to the ratepayers. He suggested adding City staff to the Kinni Corridor committee. The Mayor said we wanted to step away from that as they are their own committee. Downing asked if there was anyone to provide oversight if we go with Option 3. Simpson said we are actively engaged with the committee and didn't believe that a formal appointment of City staff or Councilor would change the dynamic as the committee has been pretty transparent. It would be a policy decision for the Council. Simpson understood frustration about not seeing the money, but he has also heard from the committee would also like more definition to target their requests for the funders. Simpson spoke further about the decisions, processes, and funded needed to move forward.

Westhuis noted Trout Unlimited and KCC sent some messages during the meeting outlining what they are doing about fundraising. He encouraged the groups to provide an update to the UAB and Council.

UAB Member Tim Thum thinks if the basin is refilled, we will be in an Option 2 or 3 mode for at least a year while repairs are being made. We are losing the option to produce enough revenue from that hydro. He talked about not wanting to spend money to make repairs. He wants to stick with Option 3 and push the timeline for Option 5. His perspective is to make it happen sooner.

The Mayor asked when this would be coming before everyone. Westhuis is looking for stop signs from the policy makers. He thinks we are heading for Option 3 unless someone in the group is not in favor. He provided further details. The Mayor asked Council for their opinions.

Odeen felt what Westhuis laid out sounds like a good way to move forward. She talked about Powell dam outliving its usefulness and Option 3 mitigating more silt going downstream and getting out from under FERC gives us state options we didn't have.

Watson thinks Option 3 makes the most sense. Alderson Bjerstedt agreed and was in favor of Option 3.

Plunkett deferred to the engineer who has a greater understanding. He still doesn't understand why we can't put in a larger opening. He will defer to the engineer with Option 3.

Alderperson Downing thinks Option 3 seems to have more sustainability for the environment and financially. He would like to see more oversight from the City. He is in favor of Option 3.

Morrisette is in favor of Option 3. Gagne was in favor of Option 3. Westhuis said the information from Council was helpful. He thinks Option 3 is the way to go. Westhuis asked Simpson for his opinion. Simpson agreed and felt the Option 3 was what he has heard the UAB and Council recommend. Simpson feels the next decision for the UAB to decide is the speed and urgency. He talked about Option 3 in connection with the timeline and said maybe we don't worry about making the DNR's next grant cycle and that we would stick with the timeline we

had. If we go with Option 3, we still have Option 3A and B. He talked about 3A being the status quo and 3B is keeping Option 3 but are moving faster toward a resolution. He talked about the timeline. Simpson said staff would take what we heard tonight as Option 3 with a traditional approach which is taking the engineer's recommendation, but we are looking at restoration as Haug laid out. He spoke further. He asked Westhuis to put a summary together to bring back to the Council and UAB at a minimum as an informational item. We have to get FERC to agree that it makes sense, and we have to agree internally that we are comfortable to push it to a NR31 dam. Staff will be doing more due diligence.

Westhuis doesn't think that larger expenses will come until 2023-2025 but the wild card is sediment management. What will we be required to do? That could be a bigger ticket item.

The Mayor thanked everyone. The workshop adjourned at 8:12 p.m.

Respectfully submitted,

Kristi McKahan, Deputy Clerk