

Rocky Reach Meeting Minutes

To: Distribution List
From: Michelle Smith
Date: September 18, 2000
Subject: Rocky Reach Social Sciences issues
Attendees: Refer to Sign-Up Sheet
Location: Chelan PUD 2nd Floor Conference Room, Wenatchee, WA

Meeting Purpose

- 1) Hear a presentation by Michael McHugh and Reed Hansen on the first draft of the socioeconomic report and to review report layout and content.
- 2) To present study updates.

Michelle Smith, Chelan PUD (PUD), informed the working group that at the next working group meeting, a time will be set aside for a Q&A with the consultants regarding the socioeconomic report.

Michelle reviewed the correspondence list and verified with the group that the only letter received that required a response was from Jeff Davis, Entiat School District, and Wendell Black, City of Entiat, dated, September 7, 2000.

Rocky Reach Relicensing Schedule

Michelle pointed out the group was at step 5 in the relicensing process, conducting the first of three years of studies, which was right on schedule. She explained the PUD would begin writing the draft application in January 2003 with the final application submitted in 2004.

Studies Update

Recreation Use Assessment (update)

Research was concluded after Labor Day weekend. Debby Howe, Howe Consulting, summarized the data and the PUD received a copy of the summary and were in the review process. After the initial review by the PUD, a first draft would be sent to working group members for review and comment. Michelle mentioned that Debby would present at the next working group meeting the results of both the recreation use assessment and the Entiat Park survey.

Michelle explained the study report process:

- 1) A first draft is completed for every study conducted.
- 2) After PUD review, the draft is submitted to working group members.
- 3) After the 30-day comment period, the report goes final if a second draft is not warranted.
- 4) A second draft is only issued if the working group or PUD feels it is needed due to significant changes from comments.

Gregg (PUD) added the purpose for explaining the process is to make sure everyone is aware that unless warranted, a second draft is not automatically done prior to issuing a final report.

Land Management (update)

The consultant was in the process of pulling together all relative comprehensive plans and inserting them into a matrix. Results would be available at the next working group meeting.

Recreation Inventory (update)

The recreation inventory would provide a more complete list and description of all the recreation facilities. This study will be completed in 2001.

Recreation Needs Assessment (update)

The next step after the recreation use assessment was to follow up with a needs forecast and analysis. The needs assessment will be a new study for 2001 and a study plan will have to be developed for review at the next working group meeting.

Comments

Karen Whitehall (USFS) commented that it would be interesting for the group to have an opportunity to look at Bill Layman's book, "Mid-Columbia Remembered." Gregg (PUD) added the book was co-sponsored by Chelan PUD and other PUDs. Basically, the book shows the history of the Columbia River through the use of photos.

Jeff Davis (Entiat School District) asked how the Lake Chelan relicensing process was going and if it had any spill-over effects on the Rocky Reach process. Gregg (PUD) responded that Lake Chelan was two years ahead of Rocky Reach. The Lake Chelan license expires in 2004 and the PUD was in the process of writing the EA. He explained the primary issues regarding Lake Chelan were: 1) minimum flows in the bypass reach, which depending on the recommended flows could have a major economic consequence on Chelan PUD; and, 2) introduction of anadromous fish. As far as effecting Rocky Reach, Gregg did not see any issues affecting Rocky Reach except for using Lake Chelan water to provide flows for the Columbia River.

Socioeconomic Report Presentation (see study report)

Michael McHugh and Reed Hansen (McHugh and Associates) presented the first draft of the study. The report consisted of three components: 1) Rocky Reach Project Economics (Section 4); 2) Impacts of Changes in Project operation (Section 5); and, 3) Impacts from Rocky Reach Project Operation on the city of Entiat and Entiat School District (Appendix A).

Michael explained the main purpose for conducting the socioeconomic study was to document the socioeconomic impacts associated with Project operation in regard to the surrounding communities and to identify the factors that would have future impacts on Project economics.

Project Economics (Section 4)

This section investigated historical operation costs, both operating and generation from 1978-1999. Forecasts were also made from both sides taking into account relicensing costs as well as environmental issues.

The key economic issues regarding Project economics were identified, 1) relicensing costs, 2) cost escalation, 3) dam maintenance and 4) river operation. Michael mentioned that Rocky Reach is one of the largest dams to be relicensed.

The study concluded that it did not appear there would be any significant changes in operation of the river that would have an adverse impact on socioeconomics or Project economics. In regard to the terms, "nominal" and "real", Michael explained the difference between nominal and real is the amount of inflation.

Jeff (Entiat School District) asked if the report discussed revenue or projected revenue. Michael explained that it was not included in this report because of the cost side of the equation; however, a comparison was done of the forecast of the marketplace (BPA) and costs associated with the alternatives that the PUD customers may have; for example,

regarding the marketplace, if power had to be purchased from BPA. Gregg (PUD) asked if in the future the PUD had to buy power from BPA, how much excess power would they have available to replace 1300 megawatts that would be lost. Michael responded that BPA, as a whole, did not have any excess power.

Baseline Conditions (Section 3)

This section assessed the potential impacts associated with the future operation of the Rocky Reach Dam.

In reference to Table 4-2, the historical data was listed from 1978. Wendell Black (city of Entiat) asked if anything prior to 1978 was included in the report. Michael clarified that 1978 – 1999 was used because the data existed for that timeframe and he wanted to give a good feel for what happened in the past.

Reed Hansen (McHugh and Associates) presented the results from the regional socioeconomic element of the report. He explained there were two elements of the study, 1) two county regional analysis and 2) energy and water dependent sector.

Reed pointed out Table 2-1, Mid-Columbia River Dams and Nearby Cities and Towns. The table listed the dam, location and population from 1950 to 1999. He compared Pateros (Wells Dam) and Entiat (Rocky Reach) and mentioned that that both towns went through a period of stagnation after the construction of the dams between 1960 to 1990. However, Waterville suffered a decrease in population as well, which there was no relation to any project construction. Michelle (PUD) referred to Table 3-1, and asked what the reason was for the significant increase in the 1990s Entiat population. Reed explained annexation was responsible for that growth.

Appendix A

Appendix A: Overview (Section 1):

Presentation of the report continued with the primary focus on Appendix A, Impact from Rocky Reach Project Operation on the city of Entiat and Entiat School District. This section of the report provided a more in-depth investigation of Entiat and the Entiat School District, including 1) general economic conditions, 2) potential for expanding new markets and 3) historical economic impacts based on the construction of the Rocky Reach dam.

Appendix A: General Economic Conditions (Section 2):

Property taxes were discussed. Reed stated the property taxes increased dramatically. However, it was interesting that with the increased assessed evaluation, the city's coffers had not been able to raise its levels on a corresponding basis. He continued saying that it was largely due to new construction and the compressed levy rate due to 106 limitation.

The PUD privilege tax was another revenue source that was discussed. Reed mentioned the amount Entiat received in 1999 was only \$3,000. Gregg (PUD) added that seemed to be an extremely low amount for the town most affected by the construction of the Project and out of the millions of dollars contributed. Reed responded that the tax was shared between the State of Washington and the local taxing districts and it was unlikely there would be much support in dedicating more of the revenue to Entiat.

Appendix A: Potential for Expanding New Markets (Section 3):

Reed stated that it did not appear there was room for agriculture expansion in the Entiat area due to the lack of available land suitable and limited water capacity available for irrigation. However, there did seem to be substantial growth opportunity for recreation and tourism. Manufacturing firm interest had also been reported; however, there was the issue of a lack of adequate sewage treatment facilities. Wendell (city of Entiat) added that Wenatchee and East Wenatchee Industrial Parks are major competitors for that market.

Regarding land use, there seemed to be a general need for planning to achieve the primary goals of the community, such as a trail system connecting the waterfront area and the construction of a community center. Gregg (PUD) commented that the first sentence under "3.5.1" was different than the statement for a need for planning. Reed responded that comprehensive plans and concept design plans were two different plans. He continued saying that the idea of a conceptual design plan was through an integrated approach with the goal of developing a city in a way to ensure community economic vitality. In response to Gregg's question, Reed indicated that it was a statement of the

way things are, not the ways things could be. He mentioned that he had not yet put forth a set of recommendations. Wendell (city of Entiat) pointed out that the city had a plan in place, the Entiat Community Action Plan, and steps were being taken regarding the area along the eastside of the highway – the main business area. He continued by saying that without doing any damage to infrastructure (in regard to water and sewer), the appearance of the town would be improved through a grant process and transportation enhancement fund. Gregg (PUD) asked how the Community Action Plan was different than the design concept. Reed explained that the concept design idea would consist of having a consultant do a graphical analysis and graphical plan description, which could provide recommendations on how to use the land that would be consistent with the land itself. Leavenworth was used as an example of the concept design. It began with a vision and theme and expanded upon as a plan. Wendell (City of Entiat) mentioned that the citizens of Entiat had an idea, but it would be difficult to achieve their goal without experienced planning, and that the town was also limited to funding. Reed informed the group of an experienced consultant by the name of Dan Williams of Jones and Jones in Seattle. Gregg (PUD) added that with PUD land and through the relicensing process, the PUD could help stimulate plans. Karen Whitehall (USFS) indicated there was a Forest Service community development grant that could potentially offer 80 percent funding depending on costs.

Appendix A: Historical Economic Impacts – Rocky Reach Project (Section 4):

Reed pointed out there were joint efforts between the county planning department and the city of Entiat in the development of a relocation plan when the Rocky Reach Project was constructed. The idea was to ensure the city had a place once the inundation took place. He added the PUD provided substantial planning assistance and funding for water and street improvements. The PUD also provided large sums of money to private property owners that would be affected by the inundation. It was noted that all of the transactions were negotiated and there were no adverse reactions from property owners.

The construction of the dam resulted in a loss of major portions of the downtown area, loss of town identity, difficulties in achieving common purposes, loss of city government and long-term stagnation. The population impacts were also significantly affected, as well, as a decrease in school enrollment. Most of the economic impacts occurred mainly in the public sector.

The social impact analysis was based on extensive literature review and two studies, *The Density of Acquaintanceship* and *Everything in Its Path*. The analysis also included contacts with local residents. Reed mentioned that through his interviews, it was interesting that even though the citizens suffered some losses (community relationships), the social order was maintained and there did not seem to be a sense of family breakdown. The interviews also indicated the Entiat area improved over recent years and was supportive of town improvements.

Overall Study Comments

Jeff Davis (Entiat School District) commented the report showed great attention to detail. He also made reference regarding the letter dated September 7, 2000, and requested Michael and Reed meet with the Entiat Focus Group to answer any additional questions regarding the study. Michelle responded that Michael and Reed would be attending the next working group meeting to answer additional questions.

Wendell (City of Entiat) agreed with the great attention to detail and added the report was well presented.

Other Business

Next Meeting

November 8, 2000

Action Items

Working Group members review the first-draft socioeconomic report and provide comments within 30 days.

Michelle will obtain a copy of Bill Layman's book for the working group.

Reference materials are posted on the web site, www.chelanpud.org/relicence. Please contact Rosana Sokolowski, (888) 663-8121, Extension 6371, if hard copies are required.

Sign-up Sheet

Distribution List

Socioeconomic Study Report – First Draft