

VALLEY WATER & US ARMY CORPS OF ENGINEERS

Valley Water Board
Annual USACE Briefing
10 March 2020

"The views, opinions and findings contained in this report are those of the authors(s) and should not be construed as an official Department of the Army position, policy or decision, unless so designated by other official documentation."



US Army Corps
of Engineers®



South San Francisco Bay Shoreline (Phase I Study-Construction)

MISSION and FUNDING

Multi-purpose coastal flood risk management, ecosystem restoration and recreation project. Project manages flood risk for 5,500 residents and 1,100 structures, restores 2,900 acres of tidal wetlands, and provides key connections to the iconic SF Bay Trail.

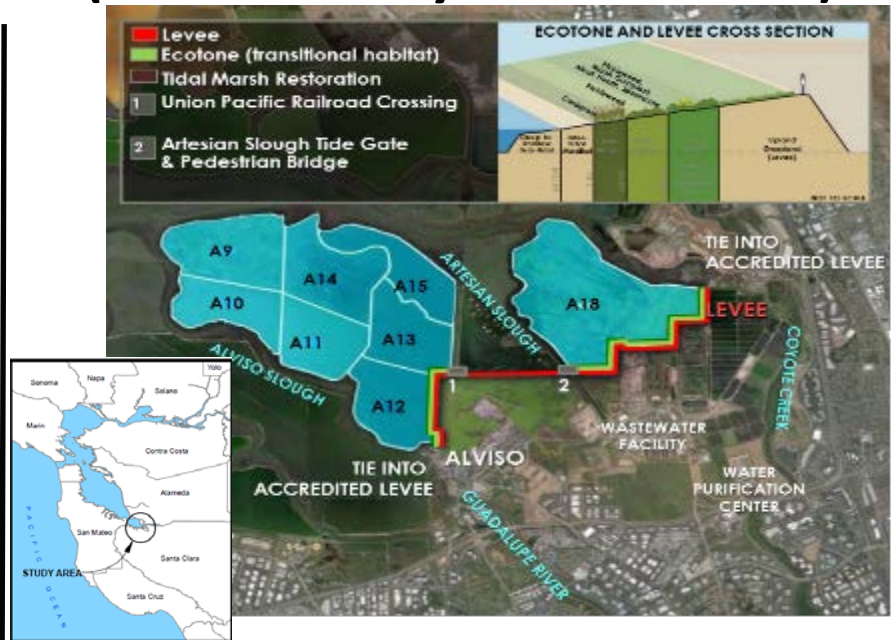
Current Project Cost: ~\$193.7M (~\$73.2M Fed/~\$120.5M Non-Fed)

Funded through Initial Construction (2027): \$73.2M (Fed)*

FY28-FY44 Optimal Schedule Funding: \$8.4M (Fed)**

*2018 Bipartisan Budget Act

**future regular Construction General (CG) appropriations



STATUS/CHALLENGES

Status/Challenges:

- Valley Water delivered ~106,000 CY levee fill to project site
- Reach 1-3 construction contract bid opening occurred 13 Feb 2019, with the two bids received (\$91M and \$110M) significantly above government estimate of \$43M. Uncertain whether we can award Reach 1-3 contract with bids received. Potential cost-growth for overall project
- Valley Water is working to acquire real estate interests for Reach 2/3 and Reach 4/5.
- Desired Reach 4/5 realignment incorporates legacy biosolids lagoons and increases project ecosystem restoration without increasing cost-shared project cost. However, City of San Jose (CSJ) is requesting significant compensation from the project due to additional right of way and their perceived impacts from this alignment change.

Way Ahead:

- PDT reassessing cost estimate for Reach 1-3 and potential cost drivers.
- Need to ensure CSJ's biosolids clean up plan does not impact Reach 4/5 project schedule
- Continue active engagement with stakeholders to ensure Shoreline project meets federal intent while being in accordance with regional and local objectives
- Continue real estate acquisition efforts for Reach 2/3 and Reach 4/5 advance fill delivery
- Obtaining agreement with Union Pacific Railroad on permanent closure structure design
- Continue with design work for remaining sections (Reach 4/5, Railroad closure structure & pedestrian bridge, Artesian Slough, ecotone)

PM: Tutashinda Salaam

MILESTONES

Key Milestones	Scheduled	Current/Actual
Solicit Reach 1/2/3	December 2019	5 December 2019
Award Reach 1 (base contract)	January 2020	March 2020
Award Reach 2/3 (option)	April 2020	April 2020
Solicit Reach 4/5	December 2021	December 2021
Award Reach 4/5	January 2022	February 2022

- Estimated levee construction completion to manage flood risk: Feb 2024
- Estimated pond breaching to restore tidal wetlands: 2023-2032
- Estimated monitoring/adaptive management: 2032-2042



South San Francisco Bay Shoreline (Phase II Study)

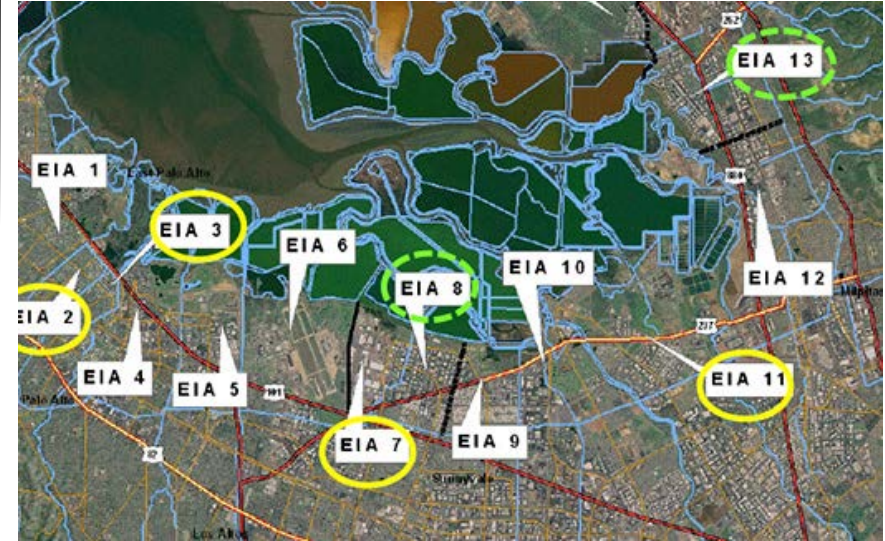
MISSION and FUNDING

The Phase II study will examine multi-purpose coastal flood risk management, ecosystem restoration, and recreational opportunities in the vicinity of Economic Impact Areas (EIAs) 1-4 (Palo Alto and a portion of Mountain View).

FY19 Work Plan: \$500,000

FY20 Work Plan: \$600,000

FY21 PBUD: \$400,000



STATUS/CHALLENGES

Status:

- Executed Feasibility Cost Sharing Agreement (FCSA) on 26 Sep 2019
- Conducted Alternatives Milestone Meeting on 23 Jan 2020, with decision to down scope the project geographically to EIA 1-4 (Palo Alto and a portion of Mountain View).
- Remaining EIAs, including Sunnyvale and larger portion of Mountain View, could be addressed in a potential Phase III study.

Challenges:

- Schedule requirements – Executive Order 13807 (2-year duration from NEPA notice of intent to NEPA/permits completion) and 3x3 requirements (\$3M total feasibility study cost, 3-year duration from FCSA execution to Chief's Report).
- Identify potential methods to reduce cost and schedule (and associated risks).

Way Ahead:

- Further refine study scope, schedule, and budget and prepare 3x3 exemption request (if needed).

PM: Patrick McKinley

MILESTONES

Milestone	Baselined Schedule*	Current/Actual
Execute FCSA	26 Sep 2019	26 Sep 2019
Alternatives Milestone	26 Dec 2019	23 Jan 2020
Tentatively Selected Plan	25 Sep 2020	TBD
Publish Draft Report	25 Nov 2020	TBD
Agency Decision Milestone	26 Mar 2021	TBD
Final Report	26 Apr 2022	TBD
Chief's Report	26 Sep 2022	TBD

*Baseline schedule represents expectations in Director's Policy Memorandum 2018-05.



US Army Corps
of Engineers®



Upper Guadalupe River

MISSION and FUNDING

Construction of flood risk management and recreation project located in San Jose, from I-280 extending south 5.5 miles.

CG:

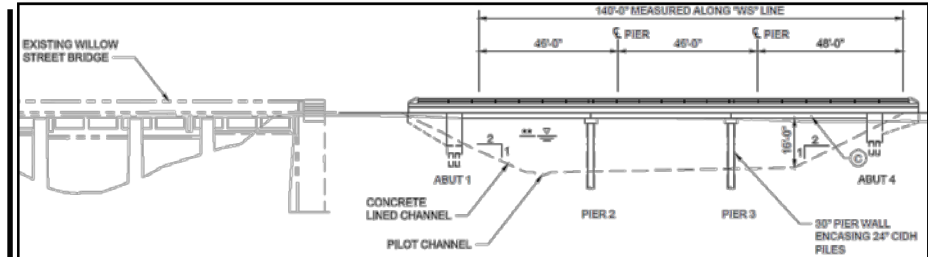
FY 20 Work Plan: \$0

FY 21 PBUD: \$0

GI:

FY 20 Work Plan: \$1,500,000

FY 21 PBUD: \$0



STATUS/CHALLENGES

Status:

- Completed mitigation reaches 10B and 12 were turned over to Valley Water in FY19.
- Project received \$1.5M in FY20 Work Plan to conduct a General Reevaluation Report (GRR), which will address challenges below and identify path forward for the project.

Challenges:

- **OMB:** Project not OMB compliant due to Locally Preferred Plan (LPP) being cost-shared at NED rate. Project has never been in PBUD and has relied on Work Plan (WP) funding. Most recently received CG WP funding in FY14.
- **Design velocities/erosion risk:** Current channel and vehicular bridge designs have velocities which pose unacceptable erosion risk. Furthermore, passing design events under vehicular bridges has been a challenge. Solutions to address these issues would likely require channel hardening, which would likely increase project costs, conflict with GWIWG coordination to date, and pose a challenge for obtaining approval from NMFS and RWQCB.
- **Cost increase:** 2012 total cost estimate was \$296M. Current draft total cost estimate is \$494M and does not account for increased construction costs associated with addressing velocities/erosion risk. Biggest cost drivers are updated costs for removing and disposing of contaminated material (\$78M) and increased real estate acquisition costs (\$67M).
- **902 Limit:** Draft cost update of \$494M vs. draft 902 limit of \$405M.
- **BCR update:** Draft update of 1.02 @ current discount rate, 0.48 @ 7% discount rate
- **Mitigation:** It has become more challenging to provide required mitigation, due to more trees needing to be removed and fewer opportunities to replace trees than previously anticipated.
- **NEPA/CEQA:** In light of the issues above and the fact that the EIS/R is 20 years old, we are at increased risk of needing to prepare a Supplemental EIS/R.

PM: Terry Marks

WAY AHEAD

Execute Feasibility Cost Sharing Agreement (FCSA) NLT Sep 2020 in order to proceed with GRR.

The GRR must be completed within 3 years of executing the FCSA and within \$3M (50% Fed/50% non-Fed).

USACE and Valley Water to determine and evaluate potential options to address the significant conflicting environmental, engineering, construction cost, and economic justification constraints associated with the currently authorized LPP. Some potential options to address these constraints include:

- Valley Water works to deauthorize downstream reaches of the project which have relatively high cost and low incremental benefit (i.e. Reaches 7&8) and constructs these reaches on their own to improve BCR.
- Revert to the previous NED plan or different plan with lower level of protection than the LPP.
- Even if the LPP remains viable, consider revising cost-sharing, with Valley Water paying for 100% of LPP increment in order to try and obtain OMB clearance.



Berryessa Creek

MISSION and FUNDING

Construction of flood risk management project that extends approximately 2 miles through San Jose and Milpitas.

Construction funded thru completion in FY16.

Remaining funds available: \$1,567,374



STATUS/CHALLENGES

Status:

- Construction substantially completed in 2017.
- Completed all plantings, with plant maintenance thru December 2022 under awarded contract.

Way Ahead:

- Valley Water relocation of PG&E Line
- Transmit Final O&M Manual to Valley Water.
- Award contract for final 4 remaining USACE construction items: Comcast Cable, Valve Collar, Speed Sign Relocation and Cox Building Drainage.

MILESTONES

Milestone	Schedule	Current/Actual
Complete Channel Construction	Dec 2017	Dec 2017
Draft O&M Manual	May 2018	May 2018
Contract Close Out	Aug 2019	Aug 2019
Final O&M Manual	May 2020	May 2020
Award "4 Items" Contract	July 2020	July 2020
Complete Plant Maintenance	Dec 2022	Dec 2022



US Army Corps
of Engineers ®



San Francisquito Creek

MISSION and FUNDING

Flood risk management study of San Francisquito Creek in Santa Clara and San Mateo Counties.

GI study was federally funded thru completion in FY18.

CAP study funding will be requested following fiscal close out of GI study.



STATUS/CHALLENGES

Status:

- GI feasibility study was terminated in Dec 2019.
- Currently working with sponsor (SFCJPA) to fiscally close out the study.
- Following fiscal close-out of the GI feasibility study, we will transition to a reduced scope CAP study.

MILESTONES

Milestone	Baselined Schedule*	Current/Actual
Fiscally close out GI Study	May 2020	May 2020
Execute CAP FCSA	TBD	TBD



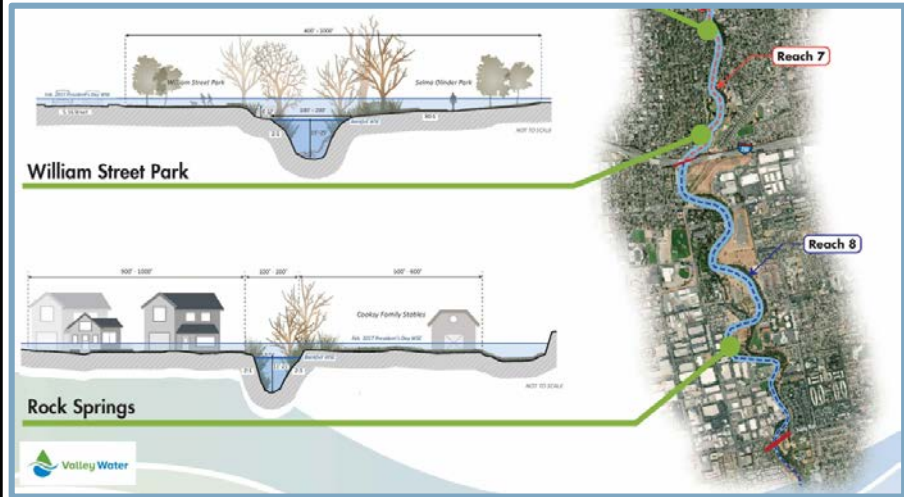
US Army Corps
of Engineers ®



Coyote Creek Flood Risk Management Project

MISSION and FUNDING

- Flood risk management study of 9-mile section of Coyote Creek from Montague Expressway to Tully Road.
- Valley Water plans to conduct and 100% fund this feasibility study under Sec 203 Authority.
- MOA executed between Valley Water and USACE allows USACE to produce a Draft Project Management Plan (PMP) that describes how the USACE would conduct a feasibility study that is compliant with Corps policy. Valley Water has provided \$50K to USACE to prepare Draft PMP.



*Graphic depicts 2017 flooding in 2 of the 5 project reaches

STATUS/CHALLENGES

Status:

- Project kicked off in October 2019 with meeting & review of existing info.
- Site visit with USACE & Valley Water Project team on 24 November 2019.
- Phone meeting between Assistant Secretary of the Army's (CW) office and Valley Water took place on 16 December to discuss process, expectations, anticipated review issues, and establish relationship.
- USACE to deliver a preliminary draft PMP and Review Plan in March 2020.

Challenges:

- Valley Water is first to use 203 Authority for FRM study; charting new territory.
- PMP required thorough USACE review by Section Chiefs to ensure clear study requirements and resolve new challenges posed by a non-federal partner executing activities normally led by USACE; all while not conveying a federal interest in the study or study outcomes.

MILESTONES

Milestone	Schedule	Current/Actual
Execute MOA	21 May 2018	21 May 2018
Support Agreement & Sc. of Work	---	21 June 2019
Kickoff meeting	---	2 October 2019
Draft Project Management Plan	12 December 2019	March 2020

Way Ahead:

USACE to meet with Valley Water project team on draft PMP, answer questions, and resolve any issues within USACE Authority.



Upper Penitencia Creek

MISSION and FUNDING

Flood risk management study. Alternatives considered for this 3.6-mile reach included a combination of flood-proofing at the upstream limit, levees, floodwalls, and bypass channels.

Study funded thru completion in FY13.



STATUS/CHALLENGES

Status/Challenges:

- Valley Water required scope change that would have added ecosystem restoration purpose.
- San Francisco District documented what is believed to be very limited opportunity for restoration, the outcome of the Nov 2015 IAWG, and the likelihood of a negative feasibility report.
- The plan has been to terminate and close-out the study. In response to our draft study termination letter, Valley Water recently expressed interest in contributing funds to resume and complete the study with 100% non-Fed funds.

Way Ahead

USACE will work with our higher headquarters to determine whether we can avoid study termination if Valley Water provides 100% contributed funds to complete the study.



US Army Corps
of Engineers ®



Llagas Creek

MISSION and FUNDING

The flood risk management study consists primarily of channel improvements and a diversion channel to provide 100-year flood protection to urban areas near the communities of Morgan Hill, San Martin, and Gilroy and 10-year protection to agricultural areas.



STATUS/CHALLENGES

Status/Challenges:

- Valley Water previously requested execution of Contributed Funds (CF) MOA in the amount of \$810,000 for USACE to prepare a Limited Reevaluation Report (LRR).
- Basis of LRR will be an updated Economic Report. Detailed Design Report (DDR) tasks are not allowable under CF authorization.
- Further action on CF MOA is pending review from Valley Water.

Way Ahead:

- Valley Water completes review of revised CF MOA package.
- Finalize revised CF MOA package and resubmit to SPD for review/approval.

MILESTONES

Milestone	Schedule	Current/Actual
USACE provided revised CF MOA package to Valley Water		29 May 2019
Valley Water completes review of revised CF MOA package	TBD	TBD
Resubmit CF MOA package to SPD	TBD	TBD
SPD approves CF MOA	TBD	TBD
Execute CF MOA	TBD	TBD
Proceed with LRR	TBD	TBD



US Army Corps
of Engineers ®



THIS PAGE INTENTIONALLY LEFT BLANK