



Santa Clara Valley Water District

File No.: 18-0874

Agenda Date: 12/11/2018

Item No.: 6.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Resolution Authorizing Acceptance of Grant Funding from Measure AA, the San Francisco Bay Restoration Authority's San Francisco Bay Clean Water, Pollution Prevention and Habitat Restoration Measure, in the amount of \$4,439,406, for the South San Francisco Bay Shoreline Project (Project No. 26444001), (San Jose), (District 3).

RECOMMENDATION:

- A. Adopt the Resolution AUTHORIZING THE BOARD CHAIR TO EXECUTE A GRANT FUNDING AGREEMENT WITH THE SAN FRANCISCO BAY RESTORATION AUTHORITY FOR THE GRANT OF FUNDS FOR THE SOUTH SAN FRANCISCO BAY SHORELINE PROJECT, and accept the grant terms, conditions and requirements required by the San Francisco Bay Restoration Authority;
- B. Delegate authority to the Chief Executive Officer to execute and file requests for disbursements with the San Francisco Bay Restoration Authority; and
- C. Delegate authority to the Chief Executive Officer to approve the award of future funding from the San Francisco Bay Restoration Authority for the Shoreline Project on substantially similar terms as the Grant Funding Agreement.

SUMMARY:

Overview of the South San Francisco Bay Shoreline Study

The overall goal of the South San Francisco Bay Shoreline Project (Shoreline Project) is to safeguard and protect hundreds of homes, schools, and businesses along Santa Clara County's 18 miles of shoreline from the risk of coastal flooding. The Shoreline Project will also restore tidal marsh and related habitat that was lost due to former salt production activities, provide opportunities for continued recreational and public access along the bay shoreline, and takes into consideration protecting for sea level rise over a 50-year period (through Year-2067).

The Shoreline Project is being undertaken by the Santa Clara Valley Water District (District) in partnership with the United States Army Corps of Engineers (USACE) and the State Coastal Conservancy (Conservancy). Authorization to conduct the Shoreline Project was granted by the Water Resources Development Act in 1976. The District and Conservancy are the non-federal sponsors, also referred to as "local project sponsors." The Shoreline Project efforts began in 2005 for all of Santa Clara County which was divided into 11 areas, called Economic Impact Areas (EIA). In

September 2010, the District requested USACE re-evaluate the Shoreline Project scope and conduct the Shoreline Project in phases beginning with the area among the highest potential economic impacts. The District's Board endorsed the new scope in March 2011 and the Shoreline Project was thereafter refocused to EIA 11 located in north San Jose between the Alviso Slough and Coyote Creek.

Authorized Shoreline Project

The USACE authorized the EIA 11 Shoreline Project on December 18, 2015, when the USACE's Chief of Engineer signed the Chief's Report. The authorized project will provide 1-percent coastal flood risk management for the urban area of north San Jose, including the community of Alviso and the San Jose-Santa Clara Regional Wastewater Facility, and ecosystem restoration of approximately 2,900 acres of former salt ponds with recreational elements. Coastal flood risk management consists of 4 miles of new levee and structures at the Union Pacific Railroad and Artesian Slough crossings, with inclusion of protection for 2.59 feet of sea level rise. Tidal marsh restoration will occur through phasing-in restoration of Ponds A9 to A15 and A18 pursuant to an adaptive management plan. In addition, an upland transition area (ecotone) will be constructed adjacent to the new levee in Ponds A12, A13 and A18 in order to provide habitat for marsh species during high tides and storms. The ecotone will provide an additional protective buffer for the flood protection levee and will also allow marsh habitat to migrate upslope as sea levels rise. In EIA 11, a 1-percent coastal flood event could cause more than \$200 million in damages (2014 price levels) and affect a population of 2,500 residents and 3,000 commuters who work and travel through the area each day, 1,100 structures and the San Jose-Santa Clara Regional Wastewater Facility.

Recreational elements that are included in EIA 11 will be compatible with the flood risk management levee and ecosystem restoration. American with Disabilities Act compliant trails will be built on top of the new levee along with viewing platforms and benches. The trail will connect the Alviso Marina to the Coyote Creek trail corridor of the San Francisco Bay Regional Trail network at the McCarthy Boulevard bridge.

Shoreline Project Funding

The total design and construction cost of the Shoreline Project is \$177.2 million, which was authorized in the Water Infrastructure Improvements for the Nation (WIIN) Act. The WIIN act was signed into law on December 16, 2016. On July 5, 2018, the Shoreline Project was awarded \$177.2M under the USACE Fiscal Year 2018 Disaster Supplemental Appropriations Bill. The non-federal sponsors total local cost share of the \$177.2 million is \$103 million, of which the District's local cost share is \$46 million. Implementation guidance for the Disaster Supplemental Appropriations Bill will require the non-federal sponsors to either (1) reimburse the USACE as funds are expended or (2) reimburse the USACE within 30 years with interest. The non-federal sponsors desire to reimburse the USACE as funds are expended without interest.

The District has secured \$15 million from the Safe, Clean Water and Natural Flood Protection Program approved by the voters in November 2012. Securing additional funding is necessary to close the District's funding gap to ensure reimbursement to the USACE as

funds are expended and avoid reimbursing the USACE with interest. As such, the District applied for Measure AA grant funds in September 2017 during its first round of grant solicitations.

Measure AA

On June 7, 2016, residents of the nine-county San Francisco Bay Area voted with a 70-percent majority to pass Measure AA, the San Francisco Bay Restoration Authority's (Authority) San Francisco Bay Clean Water, Pollution Prevention and Habitat Restoration Measure. Measure AA is a parcel tax of \$12 per year that will raise approximately \$25 million annually for twenty years to fund shoreline projects that would protect and restore San Francisco Bay. The tax measure was implemented on July 1, 2017 and will raise \$500 million over its 20 years (until 2037). Measure AA states that 50 percent of the \$25 million raised each year shall be allocated and divided amongst each of the four Bay Area Regions (North, South, East and West Bay), the south bay will be receiving 12-percent of the overall \$500 million (or \$60 million). The Authority issued its first request for proposals for funds in September 2017 with applications due November 2017.

On April 11, 2018, the Authority approved an award of grant funding to the District in the amount \$4,439,406 for the Shoreline Project. Approval of a Board resolution is a requirement of the Measure AA grant.

The District will continue to pursue future Measure AA grant awards to secure the remaining non-federal sponsors local cost share. And staff requests that the Board delegate authority to the Chief Executive Officer to approve the award of future funding from the Authority for the Shoreline Project on substantially similar terms as the Grant Funding Agreement.

FINANCIAL IMPACT:

The Measure AA grant is a reimbursable grant. The Shoreline Project No. 26444001 currently has enough funds to cover the District's Measure AA grant award amount of \$4,439,406. The expenditures identified in this agenda item are included in the FY19 approved CIP.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonable indirect physical change in the environment.

The Measure AA grant requires grantees to comply with CEQA. The Final Environmental Impact Report/Environmental Impact Statement for the South San Francisco Bay Shoreline Phase 1 Study was certified by the Board on March 22, 2016 and the Board adopted Resolution No. 16-20 "Adopting Certain Findings for flood control work, pond restoration work and recreational opportunities in an area of North San Jose between the Alviso Slough and the Coyote Creek" on that date. A Notice of Determination was filed on March 30, 2016.

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ATTACHMENTS:

Attachment 1: Resolution

Attachment 2: Grant Funding Agreement

UNCLASSIFIED MANAGER:

Ngoc Nguyen, 408-630-2632