

**ITEM 10**

Agenda of November 20, 2014

**TO: Sacramento Area Flood Control Agency  
Board of Directors**

**FROM: Richard M. Johnson, Executive Director  
(916) 874-7606**

**SUBJECT: INFORMATION - NATOMAS LEVEE IMPROVEMENT PROGRAM  
UPDATE**

**OVERVIEW:**

This update includes the status of construction, design, permitting and right of way activities for the Natomas Levee Improvement Program.

**RECOMMENDATION:**

Staff recommends that the Board receive and file this report.

**MEASURES/EVALUATION:**

This is an ongoing item and success will be measured by implementation of the Program on schedule and according to budget.

**FISCAL IMPACT:**

This informational item does not have fiscal impacts.

**ENVIRONMENTAL IMPACT:**

This informational item does not have environmental impacts.

**DISCUSSION**

**Overview**

The American River Watershed Common Features Project, Natomas Basin, is being implemented by the U.S. Army Corps of Engineers (USACE), the Central Valley Flood Protection Board (CVFPB), the California Department of Water Resources (DWR) and the Sacramento Area Flood Control Agency (SAFCA). The Water Resources Development Act (WRDA) of 1996 and 1999 authorized the USACE to construct the American River Common Features Project which included improvements to the levees along the American and Sacramento Rivers in the vicinity of Sacramento, including portions of the Natomas Basin. The Water Resources Reform and Development Act (WRRDA) of 2014 (Public Law 113-121, June 2014) modified the authorized Common Features project to include additional features formulated in a comprehensive plan to reduce the systemic risk associated with

seepage and stability for the ring levee system surrounding the Natomas Basin. This authorization was essential for continued USACE participation in the Natomas Basin levee improvements.

Due to the urgent need to reduce flood risk for the Natomas Basin, SAFCA, in partnership with DWR and CVFPB, began constructing levee improvements in 2007 in advance of the full authorization of the Federal project, with the expectation of receiving credit for such work towards the non-Federal share of the authorized project. This program was referred to as SAFCA's Natomas Levee Improvement Program (NLIP).

The NLIP is divided into four major project phases, as shown in the attached Figure 1 Construction Phasing Map. Also shown are the components of the work being done by SAFCA and USACE. The project phases are further subdivided for the purpose of grouping project elements for environmental documentation and permitting efforts. These are further subdivided and identified by levee reaches for the purpose of grouping work for efficient construction contracting packages, which is also shown in Figure 1.

SAFCA staff has been working with the Natomas Central Mutual Water Company (NCMWC) to replace their Pritchard Lake Pumping Plant. NCMWC contractors began initial construction activities in late June 2014; work is anticipated to be completed in May 2015.

There are over 400 post-construction obligations related to the NLIP that SAFCA is required to meet. These obligations are being catalogued and tracked by the SAFCA team. While many of these obligations may be met in the next one to five years, others cannot be met for many more years due to minimum time period requirements (i.e., habitat monitoring time frames), court actions, and complex and/or layered processes.

A revised report documenting compliance with the Federal Emergency Management Agency's (FEMA) A99 Zone requirements was completed in April 2014 and was transmitted to the City of Sacramento (City), County of Sacramento and County of Sutter (Counties) for their submittal to FEMA. SAFCA is working with the City and Counties to provide final documentation that all "adequate progress" criteria for an A99 Zone status have been met and that the City and Counties may formally request FEMA to proceed with the remapping effort for the Natomas Basin.

With passage of WRRDA 2014, the USACE is taking the lead on completion of the remaining components of the levee improvements. USACE's FY 2014 Work Plan included \$1.0 million for preconstruction engineering and design work for the Natomas Common Features. The proposed Federal FY 2015 budget included \$675,000 to continue preconstruction engineering and design; however, the Energy and Water Appropriations Bill has not been passed. Instead, the Congress passed and the President signed a Continuing Resolution to provide funding authority through December 11, 2014. SAFCA staff is working with the USACE for sufficient funding to maintain ongoing activities.

It is anticipated the USACE will commence construction of levee improvements along the southern and eastern portions of the Natomas Basin leading to 100-year and 200-year levels of flood protection over time. SAFCA staff is working with the CVFPB, DWR and USACE to identify opportunities to shorten the USACE construction schedule, optimize design efforts, negotiate an amendment to the existing Project Cooperation Agreement (Amendment) which is required to implement the Federal cost sharing requirements, and prepare a Crediting Report as soon as possible.

The following is a summary of the status of key elements of the program.

### **USACE Implementation Schedule**

The SAFCA levee improvements along the Natomas Cross Canal and the Sacramento River have been designed to meet the Central Valley Flood Protection Plan objectives of providing a 200-year level of flood protection for urban and urbanizing areas, which included levee raises where required. The project identified by the USACE in the 2010 Natomas Post Authorization Change Report (PACR) includes strengthening of the entire Natomas perimeter levee system, but does not include the raising of any levees. The Federal-State-Local partnership is based on full Federal authorization for the work covered by the current scope of the PACR with the State and SAFCA undertaking any remaining work not completed by the USACE. This scenario provides the most expeditious approach to implementing full USACE participation in the program.

The PACR included a schedule for USACE's implementation of the identified improvements; however, the schedule assumed a Congressional authorization in 2011. SAFCA staff is working with USACE, CVFPB and DWR to develop a new schedule for design and construction of the remainder of the authorized improvements.

It is expected that the existing Project Cooperation Agreement for the American River Watershed Common Features Project will be amended to incorporate the newly authorized work, as well as to include language to afford credit for work accomplished by SAFCA and DWR towards the non-Federal costs of the Project. Because of the complexities of the Project, the Amendment is expected to require review and approval by USACE Headquarters in Washington D.C. SAFCA staff, in conjunction with the CVFPB and DWR, developed a draft Amendment which has been formally provided to the USACE Sacramento District for consideration. Further, SAFCA staff is working with the State to submit initial crediting packages to the Sacramento District so that credit for completed SAFCA work can be applied toward the required non-Federal cost share to support USACE continuation of the authorized project. A draft of the initial crediting package was formally submitted to the USACE, Sacramento District, in July 2014. Comments on the draft package were received and the crediting report is being revised to address the comments.

### **Status of Construction Efforts**

Levee embankment construction is complete for the Natomas Cross Canal South Levee and the Sacramento River East Levee Reaches 1 through 12A, from the Natomas Cross Canal to just south of Power Line Road. Construction of the habitat elements of the NLIP, which include native grasslands, woodlands and marsh habitats, has been completed and the establishment and maintenance period for these habitats are underway as required by environmental permits.

Attachment 1 is a table showing all construction and planting contracts which SAFCA has undertaken to date for the NLIP. This table reflects the original contract amount, change order amounts, and final contract acceptance dates if applicable. SAFCA staff will update this table monthly.

### **Work in Progress / Public Updates**

Gualco Consulting continues to distribute weekly construction updates to interested members of the public via email and these updates are also posted on SAFCA's website at [http://www.safca.org/NLIP\\_Const\\_Update.html](http://www.safca.org/NLIP_Const_Update.html) in order to keep the public informed of current and pending impacts to their community, including anticipated contractor working hours and impacts on traffic. Gualco Consulting continues to respond to inquiries from individual property owners who are in close proximity to construction, as well as from interested members of the public related to program planning, permitting, field studies, traffic, construction activities and significant changes in the program schedule.

### **Right of Way / Utility Coordination Updates**

As the process for acquisition of individual properties is completed, staff prepares and processes the final accounting packages for delivery to DWR in order to achieve full funding of the right of way component of the Program. Settlement negotiations and court proceedings are continuing with a few remaining property owners associated with the Resolutions of Necessity approved by the SAFCA Board. Staff is also preparing easements for Reclamation District No. 1000 (RD 1000), NCMWC, and others, and transferring appropriate title to the CVFPB for property SAFCA acquired for the NLIP.

SAFCA staff is currently working with the USACE and DWR to identify utility relocation requirements for the remaining work, which will utilize best management practices identified through the NLIP construction efforts to date.

### **Planning, Permitting and Design Updates**

The Phase 4b Project includes: Sacramento River East Levee Reaches 16 through 20; American River North Levee; Natomas East Main Drainage Canal West Levee; additional improvements to the Pleasant Grove Creek Canal West Levee; any water supply and drainage

pumping station improvements which are needed but have been deferred from SAFCA’s construction program; and, other improvements needed to provide 200-year level of flood protection to the Natomas Basin.

SAFCA staff is currently working with the USACE, CVFPB and DWR on an evolving plan for completing the Phase 4b work using a combination of USACE, State and SAFCA resources. The USACE has received \$1.0 million to initiate design for this work in FY 2014. A Design Agreement to allow the USACE to perform design activities prior to completion of the Amendment has been signed in order to accelerate project implementation and to enable full application of Federal construction funding when appropriated for the project.

**State Funding Summary**

SAFCA has entered into two funding agreements with DWR for construction of Early Implementation Projects (EIP) associated with the Natomas Levee Improvement Program. The combined State contract capacity under both funding agreements is approximately \$277.3 million. SAFCA has invested approximately \$366.2 million in eligible investments to date; the State share of those investments is \$256.3 million.

Completion of the NLIP will require additional investments that will be cost shared by DWR. Based on the approved \$12 million Fiscal Year 2014-15 budget, there is approximately \$9.8 million remaining to be spent in Fiscal Year 2014-15 to advance the early implementation portion of the NLIP. The actual cost to complete the EIP will depend on a number of factors including: the cost to process and transfer rights of way to the CVFPB and other entities; the results of the active contractor claim settlement negotiations; and, the costs to comply with DWR funding agreement requirements and close-out of the project. Table 1 shows a summary of actual costs incurred to date and estimated costs to complete the State and locally lead portion of the NLIP.

<b>NLIP Cost Estimate</b>	<b>Total</b>	<b>State Share</b>	<b>SAFCA Share</b>
EIP Eligible Costs	\$366.2	\$256.3	\$109.9
EIP Ineligible Costs	\$19.0	\$0.0	\$19.0
<b><i>Sub-Total NLIP Costs to Date</i></b>	<b>\$385.2</b>	<b>\$256.3</b>	<b>\$128.9</b>
Remaining Projected FY 2014-15 Expenses	\$9.8	\$6.9	\$2.9
Projected FY 2015-16 Budget	\$10.0	\$7.0	\$3.0
<b>Totals</b>	<b>\$405.0</b>	<b>\$270.2</b>	<b>\$134.8</b>

To date, the State has provided approximately \$231.5 million in funding. The balance of \$24.4 million is associated with outstanding real estate payments and the current retention held by the State to ensure that local agencies meet all conditions in the funding agreement(s) and complete all work to DWR’s satisfaction. DWR is holding payments on some real estate

transactions as DWR works with SAFCA to determine the final real estate rights to be held by the State for each property. Determination of the final real estate rights could impact the States level of financial participation. Full close-out of the funding agreements requires extensive documentation, completion of all construction contracts, settlement of contractor claims, and resolution of all right of way issues. SAFCA is continuing to work with DWR to secure additional retention releases as portions of the project near completion and to ensure that compliance with conditions in the funding agreements are met. SAFCA has provided DWR with a significant amount of the supporting documentation required to close-out each funding agreement. DWR is reviewing the documentation provided by SAFCA and will likely recommend additional partial retention release payments. SAFCA is also actively working with DWR to resolve issues associated with the real estate transfers so that State funding can be secured.

### **Preparation of System-Wide Improvement Framework (SWIF)**

The USACE conducted a periodic inspection of the RD 1000 levees and published its findings in a Periodic Inspection Report in September 2010. Inspection results are used to determine eligibility in the USACE PL 84-99 Rehabilitation and Inspection Program (RIP), which provides funding assistance for rehabilitation following flood events. The report identified vegetation, encroachment, and erosion/bank caving as unacceptable deficiencies. In response, SAFCA and RD 1000 are developing a System-Wide Improvement Framework (SWIF), which allows non-Federal sponsors to maintain or retain eligibility for rehabilitation assistance while implementing a long-term, worst-first plan for addressing system-wide levee deficiencies. The SWIF would include the policies and procedures for addressing unacceptable encroachments and vegetation along the Garden Highway, and because the SWIF will assume that the USACE completes construction of the NLIP in the remainder of the Basin, the SWIF will primarily focus on addressing short and long-term encroachment and vegetation issues. SAFCA and RD 1000 submitted a Letter of Intent (LOI) to prepare a SWIF to the CVFPB who, in turn, submitted the LOI to the USACE in March 2013. In July 2013, the USACE approved the LOI and upgraded the status of the RD 1000 levees' PL 84-99 eligibility to a "Minimally Acceptable - Active" status.

SAFCA and RD 1000 are in the process of preparing a draft SWIF based on guidance released by USACE in March 2014 and scheduled for completion in late 2015 or early 2016. Obtaining input from the CVFPB, USACE Sacramento District, Federal and State resource agencies, and members of the public prior to submitting the final SWIF will be important for securing its approval by the USACE.

SAFCA and RD 1000 intend to begin outreach efforts on the SWIF discussion paper in mid to late 2015. The encroachment database continues to be available upon request. Additional comments can be directed to Jay Davis, Gualco Consulting, via telephone, email or regular mail:

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## **FEMA A99 Update**

The current status of the NLIP construction adequately meets FEMA’s “completion of 50 percent of the critical features” requirement for an A99 Zone floodplain designation for the Natomas Basin. The NLIP team has revised the A99 Eligibility Report (Report) by providing additional supporting documentation and demonstrating that the “adequate progress” criteria have been met. The adequate progress requirements include: (1) authorization of all the improvements needed to provide 100-year flood protection to the Natomas Basin; (2) appropriation of 60 percent of the funds needed to complete the 100-year improvement program; (3) expenditure of 50 percent of the total cost of the 100-year program; and (4) completion of 50 percent of the critical features of the 100-year program. The original report was submitted to FEMA in November 2012. In April 2014, SAFCA transmitted the Report to the City of Sacramento, County of Sacramento and County of Sutter for their submission to FEMA. FEMA review of the revised report was completed in May 2014.

Since WRRDA 2014 has been signed into law, Natomas is eligible for an A99 Zone designation. The City of Sacramento and the Counties of Sacramento and Sutter are the floodplain managers for the Natomas area and are the official National Flood Insurance Program communities that will be submitting a formal application and working with FEMA on the details, schedule, and effects of the A99 Zone remapping process. SAFCA will support these communities as needed.

## **FINANCIAL IMPLICATIONS**

This report is an informational update on implementation of the NLIP and does not have an inherent fiscal impact. Costs associated with the NLIP will be shared by the State under the Proposition 1E Early Implementation Project Agreement. The State is expected to reimburse SAFCA for 70 percent of the eligible project costs pursuant to the Early Implementation Program. SAFCA’s share will be funded from the Consolidated Capital Assessment District Budget. SAFCA has also secured conditional Federal credit approval under Section 104 for its share of the cost of the larger project that was recently authorized by Congress.

## **POLICY IMPLICATIONS**

There is no change in policy as a result of this report.

**RECOMMENDATIONS**

Staff recommends that the Board receive and file this report.

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Attachment(s)