

Agenda of August 17, 2017

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

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

SUBJECT: EXECUTIVE DIRECTOR'S REPORT FOR AUGUST 17, 2017

SOUTH SACRAMENTO STREAMS GROUP CEREMONY

The U.S. Army Corps of Engineers (USACE) held a ceremony on August 9, 2017, to celebrate the completion of the South Sacramento Streams Project. The event was held near the recreation center at Florin Creek Park. Sacramento District Commander Colonel David Ray kicked off the event, followed by Congresswoman Doris Matsui and each of the partner agencies: the Central Valley Flood Protection Board; the California Department of Water Resources; and the Sacramento Area Flood Control Agency. SAFCA Chair Patrick Kennedy spoke representing SAFCA.



FLORIN CREEK CHANNEL IMPROVEMENTS

The USACE's Florin Creek Channel Improvements (part of the South Sacramento Streams Group Project) has received an award from the American Public Works Association (APWA) Sacramento Chapter as the 2017 Project of the Year Award, in the Flood Control Category. The APWA Sacramento Chapter Awards Program recognizes public works projects that demonstrate excellent management, administration, design, sustainability, construction and community relations, as well as the strong alliance among the managing agency and the consultant, engineer, and contractor who worked together to complete this project.

AMERICAN RIVER WATERSHED COMMON FEATURES, NATOMAS BASIN PROJECT

The USACE's contract award for the first contract on Reach I occurred on July 24, 2017. It was awarded to Great Lakes – Inquip Joint Venture for \$19,567,743.10. The first construction will be the blanket drain installation and City of Sacramento water main relocations under Interstate 5 beginning in September 2017. The cutoff wall for Reach I will be installed in the summer of 2018.

The contract to perform the work on Reach H solicitation was issued by the USACE and proposals are due on September 1, 2017. It is anticipated to be awarded in September 2017. Additionally, property owners along Reach B, where property will be needed for the project in 2019-20, are starting to be contacted by SAFCA.

FEDERAL FY 2018 APPROPRIATIONS UPDATE

The U.S. House of Representatives Appropriations Committee passed a minibus appropriations bill on July 27, 2017 which included the Energy and Water Development Appropriations for Federal Fiscal Year (FY) 2018. The U.S. Senate Appropriations Committee also marked up its version of the bill, but the Senate has not taken any action on it yet. The amounts for SAFCA projects are the same as in the President's Budget. A table follows that shows the numbers.

There is still a long way to go before any appropriations bill is in place. The Federal FY 2018 begins October 1, 2017.



**SAFCA Federal Appropriations – Status Chart
7-11-2017
(\$ in Millions)**

PROJECT	FY 2017 Omnibus Approps 5-01-17	FY 2017 USACE Work Plan Add 5-24-17	FY 2017 TOTAL	FY 2018 Pres Budget Request 5-23-17	FY 2018 House Cmte Markup 7-11-17	FY 2018 House Minibus Bill 7-27-17	Senate Cmte Markup 7-20-17
American River Watershed (Folsom Dam Modifications/JFP) – Construction	20.74	2.0	22.74				
American River Watershed (Folsom Dam Raise) – Construction	0	0	0	5.775	5.775	5.775	5.775
American River Common Features, Natomas Basin – Construction	21.15	31.5	52.65	20.55	20.55	20.55	20.55
American River Common Features, WRDA 2016 – Investigation (PED)		2.823	2.823	0	0	0	0
TOTAL	41.89	36.323	78.213	26.325	26.325	26.325	26.325
Other:							
Sacramento River Bank Protection – Const.	8.00	0	8.00	2.78	2.78	2.78	2.78
Sacramento River Bk. Prot. GRR - Feasibility	0.625	1.018	1.643	0.482	0.482	0.482	0.482



SAFCA BUSINESS MODEL AND CONTRACTING PROCESS

SAFCA consists of a small team of experienced executives and program managers, supported by a small civil service staff (17.5 Board approved positions total). Unlike many agencies, SAFCA does not have a large number of staff to perform much of the ongoing, day-to-day, or normal functions of an agency. SAFCA relies on a team of highly qualified consultants to perform much of this work, which requires a certain amount of consultant consistency and familiarity with SAFCA operations in order to make this type of business model successful.

In addition to normal functions of a Governmental agency, SAFCA also has an important public safety mission to perform. SAFCA's small staff has to direct and coordinate the activities of several hundred consultants to accomplish its goals. This business approach gives the Agency unparalleled flexibility, provides access to top-level expertise as needed, and minimizes the fixed administrative overhead associated with hiring, training, and supervising, the many professionals who contribute to SAFCA's programs. Furthermore, this approach requires that SAFCA retain strong leadership and managerial expertise so that consultant resources can be efficiently managed to achieve SAFCA's goals. It also requires that SAFCA maintain excellent fiduciary controls, which are annually reviewed through external audits and strengthened with support from outside experts whenever necessary.

An ongoing challenge for the Agency will be to assure that the speed and flexibility, which are the hallmarks of the Agency, are not eroded over time while the balance of adequate controls and accountability are maintained. To date, the Agency has successfully achieved this balance.

Consultant Support

The consulting firms and agencies which provide expert services to SAFCA vary over time, depending upon SAFCA's needs. As of June 2017, SAFCA has active contracts with approximately 97 firms and government agencies. SAFCA is grateful for the support, and wishes to acknowledge the enormous importance and value of the contributions.

SAFCA relies on consultants for performing in the following service categories:

Administration and Finance

Since SAFCA's Joint Exercise of Powers Agreement identifies the Sacramento County Treasurer as SAFCA's Treasurer, SAFCA contracts with the County of Sacramento for its financial services, as well as as information technology support.

Administration of SAFCA employee services, benefits, and human resources are provided through consultant and service contracts.

Bond Issuance and Financing Team

SAFCA issues bonds or incurs other forms of debt as needed to fund capital outlay projects. For each such event, SAFCA creates a financing team, consisting of a financial adviser, engineer, insurer and reserve fund policy provider, major and participating underwriters, bond counsel, underwriter's counsel, and trustee.

Assessment Districts

On several occasions, SAFCA has found it prudent and necessary to create or modify the assessment districts which largely fund SAFCA's activities. The process, which is heavily dependent on consultant support, includes the development of the capital outlay plan to be financed, development of a financing plan, development of an assessment system which fairly apportions the costs of executing the plan, a public education campaign, a voting process, and creation of the assessment district as a legal entity. The assessment district rolls and collections require an Assessment District Engineer, a role that is performed through consultants.

Government Relations, Public Information, Policy Formulation, and Legislation

SAFCA has worked closely with Congressional members and State legislators to achieve passage of authorizations and appropriations necessary to move forward with flood risk reduction projects and program. SAFCA has actively pursued legislative and policy advances at the Federal and State levels. In addition, SAFCA has worked closely with both Federal and State agencies to achieve appropriate coordination, action on critical project elements, and funding. SAFCA's great success in these endeavors is due to a combination of factors, including strong support by SAFCA's Federal, State and local elected representatives, strong community and business support, and expert government relations consultants.

Legal Services

SAFCA requires a wide range of legal services related to planning and environmental documentation, contracting, financing, workplace and employee issues, real estate, litigation, legislation, emergency flood operations, and a wide variety of issues which defy easy classification. Some legal services fall under the administration category, others under program management. SAFCA currently relies on several law firms for these services, based on demonstrated expertise in the particular disciplines required by SAFCA.

Program Management Services

The U.S. Army Corps of Engineers (USACE) normally serves as the implementing agency for major flood protection projects in the Sacramento area. For projects in which the USACE is the implementing agency, SAFCA's program managers monitor progress, contribute to plan formulation, provide technical support as needed, and assist in public outreach. The various USACE teams hold numerous meetings, often conflicting. In order to participate on all the USACE's teams and perform SAFCA's roles, consultants often have to attend meetings for SAFCA and coordinate back with the SAFCA managers.

SAFCA is often responsible for obtaining lands and easements and for performing relocations. SAFCA accomplishes this through consulting teams.

The USACE has increasingly come to SAFCA to help provide technical consulting services. This is because of the high turnover and vacancy rate at the USACE, and the extremely lengthy Federal procurement process the USACE has to go through to get consulting help.

In order to get credit for these efforts at both the State and Federal levels, SAFCA has to submit information required by the State and USACE. These submittals are pulled together using consultant forces.

Project Execution, Technical and Scientific Support Services

As it confronts a significant variety of scientific, engineering, financing, and policy issues, SAFCA seeks the guidance of top experts in these fields to provide advice and input on strategy, report preparation, and program execution. Due to SAFCA's efficient contracting procedures, the SAFCA Board's focus on rapid results and expert guidance, and staff's experience in evaluating and directing consultant work, the appropriate consultant support can be assembled rapidly as needed to achieve SAFCA's goals. Where specialized consultant expertise is well established and needed regularly by SAFCA, staff executes annual contracts so that consultant support can be obtained with a simple task order. In other cases, staff relies on a variety of well-established consultant selection procedures, including Sole Source, Request for Qualifications (RFQ), and Request for Proposals (RFP) procedures.

Additionally, SAFCA has taken the lead in project implementation on several occasions where speed of execution is essential to assure public safety, such as:

- SAFCA executed the North Area Local Project (NALP) in Natomas following passage of authorizing legislation in October 1992;
- SAFCA constructed about 700 feet of deep cutoff wall for underseepage remediation in the vicinity of Sump 132 in the Pocket in 2003-2004;
- SAFCA constructed improvements to Unionhouse Creek channel in 2012-2013;
- SAFCA constructed the Florin Creek Detention Basin in 2016;
- SAFCA initiated the Natomas Levee Improvement Program (NLIP) in February 2006 to address urgent stability, underseepage, erosion, and freeboard issues; and
- SAFCA initiated the Levee Accreditation Program (LAP) in 2012 to address urgent stability, underseepage, and erosion issues along the Sacramento River and in the North area of Sacramento.

SAFCA's small team of managers is supplemented as needed by consultants with program management expertise to address the highly variable workloads associated with these projects. In this way, SAFCA avoids the administrative and financial burdens of housing, training, and paying salaries for program managers when they are not needed. A large consultant team was assembled to assist in execution of NLIP. In the case of the NLIP program, staff relied on a

combination of the two approaches. On February 16, 2006, Staff provided the SAFCA Board with a summary of the draft Natomas Levee Evaluation Study results and was directed by the Board to proceed as rapidly as feasible to develop a remediation program to address identified deficiencies

Through a RFQ process initiated on February 27, 2006, SAFCA solicited Statements of Qualifications (SOQ's) from the consulting community for:

1. Environmental Compliance and Regulatory Permitting;
2. Topographic Mapping and Right of Way Engineering;
3. Civil Design of Levee Improvements (three contracts);
4. Right of Way Appraisal and Acquisition Services; and
5. Design, Environmental Compliance and Regulatory Permitting of Bank Protection Improvements.

Based on specialized knowledge related to SAFCA's programs, technical information specific to Sacramento area hydrology, hydraulics, geotechnical conditions, facilities, and mitigation requirements, SAFCA contracted through the Sole Source process for:

1. Program Management Services;
2. Geotechnical Engineering Services;
3. One-Dimensional and Two-Dimensional Hydrologic and Hydraulic modeling of the Sacramento River, American River and Natomas Cross Canal;
4. Standard Assessment Method habitat analyses of proposed bank protection improvements; and
5. Design of RD1000 Plant No. 2 relocation.

The solicitation clearly stated that the proposed improvements would be constructed over several years and included an anticipated construction schedule extending through the 2012 construction season, with closeout activities beyond that date.

The two similar approaches were taken for the LAP program.

Through several RFQ processes, consultants were selected to provide LAP services for:

1. Design and engineering services associated with levee improvements along the Sacramento River East Levee between the mouth of the American River and Freeport;
2. Design and engineering services associated with levee improvements along the North Area levee system;
3. Drilling Services for entire LAP;
4. Environmental Compliance and Regulatory Permitting; and
5. Right of Way Appraisal and Acquisition services.

The solicitations clearly stated that the proposed improvements would be constructed over several years and included a number of amendments as the scope of services required were further defined.

Based on specialized knowledge related to SAFCA's programs, technical information specific to Sacramento area hydrology, hydraulics, geotechnical conditions, facilities, and mitigation requirements, SAFCA contracted through the sole source process for:

1. Topographic Mapping and Right of Way Engineering;
2. Program Management Services;
3. Geotechnical Engineering Services; and
4. Modeling Services.

SAFCA contacted engineering firms willing to actually perform the levee accreditation and put its engineering stamp on it. However, due to liability issues that arose post Katrina, most firms withdrew from the levee accreditation business. SAFCA was only able to find one firm willing to perform the levee accreditation.

Board Adopted Contracting Policy

On April 18, 1996, the SAFCA Board adopted Resolution No. 96-197 establishing the contracting policy for SAFCA that continues to be used today. A copy is included as Attachment 1.

In reviewing the current policy and given some of the recent questions raised by Board members, staff is in the process of updating the contracting policy. A draft revised policy will be presented and discussed with the Finance Committee. Following approval of the Finance Committee, the updated draft contracting policy will be brought to the Board for action.