

Agenda of July 16, 2009

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

**FROM: Stein M. Buer, Executive Director
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**SUBJECT: INFORMATION – NATOMAS LEVEE IMPROVEMENT PROGRAM
(NLIP) UPDATE**

SUMMARY

This update includes a status of program funding, construction, design and permitting activities, right-of-way efforts, and the Sacramento River East Levee encroachment documentation and evaluation efforts.

Implementation of the NLIP is moving forward on schedule with a recent commitment by the State Department of Water Resources of \$100.0 million in State funding and disbursement of \$42.5 million to SAFCA for expedited execution of 2009 Program activities.

Construction on the Natomas Cross Canal South Levee Phase 2 and Sacramento River East Levee Phase 1 (Reach 1) Project - Contract 3980 is well underway.

On July 2, SAFCA opened bids on the next construction contract, Sacramento River East Levee Phase 1B (Reaches 2 Through 4B), Elkhorn Irrigation Canal Phase 1 Relocation and Giant Garter Snake/Drainage Canal Phase 1 Construction Project, Contract 4032. The low bid was \$20.7 million, approximately \$14.0 million below the engineer's estimate. The competitive bidding environment has been a significant benefit to the Program and may help compensate for Program cost escalation due to design upgrades necessitated by changing Corps vegetation management standards, new geotechnical information, and more stringent engineering standards since Program inception in July 2006.

SAFCA staff and the NLIP consultant team are moving forward with acquisition of right-of-way needed to investigate, design, and construct levee improvements along the Sacramento River east levee for reaches 1 through 15 (Natomas Cross Canal to San Juan Road).

In anticipation of the need to fully comply with FEMA 100-year certification requirements, the team is also moving forward with mapping and evaluating encroachments along the existing levee system to determine which

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encroachments may need to be modified or removed in order to achieve that certification. A draft report is scheduled for public review in September 2009.

DISCUSSION

Program Authorization and Funding Update

In a dramatic departure from the traditional approach to providing improved flood protection, SAFCA initiated the planning of the massive Natomas Levee Improvement Program in July 2006 without Congressional authorization or an assurance of State funding participation, with the intent of turning Program execution over to the Corps and the State as soon as they were authorized and funded to step in.

Subsequently, in October 2007 the State Legislature unanimously approved, and the Governor signed into law, SB 276, which authorized SAFCA's 200-year flood improvements program, including NLIP.

In November 2006 the State voters approved Proposition 1E and Proposition 84, which committed the State to providing about \$5 billion in funding for statewide flood system improvements, including improved flood protection for the Sacramento region.

In April 2007 SAFCA established, with an 82 percent affirmative vote, the Consolidated Capital Assessment District, to provide the local share of funds needed to complete 200-year flood improvements.

In May 2008 SAFCA established a Development Impact Fee Program, to help fund incremental flood protection improvements beyond the the 100-year flood protection level.

From inception of the Program, SAFCA has sought to expedite implementation on multiple fronts, simultaneously working with the U.S. Army Corps of Engineers to execute a General Re-Evaluation Report which could serve as a basis for federal cost sharing for SAFCA's 200-year plan, working with Congress to seek early authorization for NLIP, and working with the State to obtain its share of non-federal costs as the program moves forward, and with its consultant team to execute planning, permitting, design, right-of-way acquisition, and construction of the program features.

As described in SAFCA's Final Engineer's Report, CCAD, April 19, 2007, SAFCA anticipated constructing, with State cost-sharing support, 100-year flood improvements by the end of 2011, then turning the Program over to the Corps for completion of the remaining work required to achieve 200-year flood protection. SAFCA and the State would accrue credit against future federal cost sharing requirements which would be realized once the Program is federally

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authorized, in accordance with provisions of Section 104 of the Water Resources Development Act of 1986.

Since that time, the fundamental design was altered from a "fix-in-place" to "construct adjacent setback levee" concept in response to changing federal regulations, a major design change leading to significantly increased costs. More stringent engineering design criteria and new geotechnical information have contributed to cost escalation as well, leading to an increase in the estimated Program cost from \$414.0 million in July 2006 to \$618.0 million at present. The estimated cost of achieving 100-year flood protection has escalated from the original estimate of \$272.9 million to \$580.0 million, which is beyond the capabilities of the combined resources of SAFCA and the State.

Under these circumstances, SAFCA and the State will not be able to achieve 100-year certification without direct federal participation, as originally planned and scheduled. Instead, the current plan is for SAFCA to complete Program Phases 1 through 4a (see Attachment 1), which may be sufficient to achieve a FEMA map designation of A99 for the Natomas Basin by June 2011.

Despite the fact that State funding for the Program is fully authorized under SB 276 and State funds authorized by Propositions 1E and 84 totaling \$245.0 million have been appropriated, State funding has been, up until recently, held up due to the State's budget crisis and inability to sell bonds. Earlier this year, the State successfully marketed about \$13.0 billion in bonds for capital outlay projects. Statewide, about 7,000 projects are competing for those funds.

SAFCA is very appreciative that the importance of NLIP to the safety and economic future of the Sacramento region has been recognized by both the Legislative leadership and Administration. As documented in attachments 2, 3, and 4, thanks to close coordination and support from Senator Darrell Steinberg and the State Department of Water Resources, SAFCA has recently received \$42.5 million in Program reimbursements and advances, and an assurance of \$100 million allocation to the Program for anticipated 2009 expenditures.

Since SAFCA has already expended over \$100.0 million to advance execute the program prior to receipt of significant State funds, we will need timely reimbursement for nearly 100 percent of future expenditures to achieve the 70%-30% State-SAFCA cost sharing ratio authorized by SB 276. SAFCA currently estimates that the combined State and SAFCA expenditures of \$345.0 million will be sufficient to complete Program Phases 1 through 4a.

Status of Construction Efforts

NCC Phase 2/SREL Phase 1 - Construction Update

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Teichert Construction began degrading the NCC south levee during the week of June 8, 2009. Installation of the soil bentonite cutoff wall is underway with three separate construction headings. Two of the headings, working west of Highway 99, are utilizing two 12-hour shifts, one daytime and one nighttime. The third heading, working east of Highway 99, is working only a daytime shift.

To date, approximately 350,000 square feet of the total 1,239,000 square feet of slurry wall has been installed for the NCC portion of the Project. Teichert's grading crews are currently working on the degrade and embankment portions of the NCC south levee and have moved approximately 160,000 cubic yards of the total 167,000 cubic yards of levee degrade for this portion of the project.

The Sacramento River East Levee Phase 1 (Reach 1) portion of the contract is currently undergoing "clearing and grubbing" operations in preparation for the slurry and embankment work. PG&E and AT&T utility poles located along the north side of the Garden Highway, at the landside toe of the existing levee require relocation prior to the commencement of the cutoff wall construction. SAFCA anticipates that the relocation efforts will commence at the end of July. The utility relocations are anticipated to be completed in late August, subject to response time by AT&T.

SREL Phase 1B (Reaches 2-4B), Elkhorn Irrigation Canal Phase 1 and Giant Garter Snake / Drainage Canal Phase 1

SAFCA opened bids for SREL Phase 1B Reaches 2-4B (including Elkhorn Irrigation Canal Phase 1 Relocation) on July 2nd 2009. A total of seven bids were opened. The bids are as follows:

Independent Construction	\$ 20,727,121
DeSilva Gates Construction	\$ 22,983,964
Ford Construction	\$ 23,862,443
Nordic Industries	\$ 25,550,304
Teichert Construction	\$ 25,797,861
Wood Brothers	\$ 29,911,842
Flat Iron Construction	\$ 31,730,969
Engineer's Estimate	\$ 34,711,555

SAFCA staff anticipates award of this contract by the SAFCA Board on July 16, 2009 (Item 10).

Work in Progress/Public Updates

SAFCA currently posts weekly updates on its website to inform the public of current and pending activities in the community including anticipated working hours and impacts on traffic (Sample: Attachment 5).

Status of Mitigation Efforts

Planting of the Phase 2 woodland mitigation sites at the Lausevic and Cummings North properties has been completed and accepted by SAFCA staff and consultants. Approximately 40 acres of new woodland habitat has been created. SAFCA's habitat restoration contractor will now maintain the mitigation sites for the next three to five years during the woodland establishment period.

Upcoming woodland mitigation planning efforts are focused on completing plans and specifications for the Phase 2 woodland corridor, and the Rio Ramaza properties acquired from the County of Sacramento. These sites are scheduled for planting in the fall of 2009 and 2010 respectively.

SREL Encroachment Report Update

The initial data collection effort for the encroachment survey on the Sacramento River east levee in Natomas has been complete and the team is now in the process of working with RD 1000, the Corps and the Central Valley Flood Protection Board (CVFPB) to develop criteria for evaluating encroachments and determining which encroachments are allowable encroachments, based on the adjacent levee design configuration. It is anticipated that these criteria will be crafted to assure that the water side slope of the levee system can be inspected, maintained, and accessed for flood fighting purposes. Based on preliminary evaluations of the draft database, staff believes that only a small percentage of the existing encroachments will need to be modified or removed along the Garden Highway because the adjacent setback levee will provide the primary structural defense against floodwaters.

The SAFCA team will then screen all of the encroachments based on the criteria agreed to by the agencies. The results of this process will be documented in the form of a GIS-based database and a report summarizing the data, the initial screening process, and the results. The first draft of the report is scheduled to be available in September 2009. The report will then be made available to affected property owners, local, state and federal agencies, and the public. SAFCA will then work with individual property owners and RD 1000 to address any encroachment concerns before finalizing the report. SAFCA's goal is to achieve the Program public safety goals, including 100-year certification of the upgraded levee system, with minimum disruption for existing property owners.

Right-of-Way Update

The SAFCA team has been meeting with landowners and tenants to obtain rights of entry and acquire property for the project footprint. Attached to this report are two figures (Attachment 6 and 7) that show the status of rights of entry and status of property acquisition for the NCC and Sacramento River Reaches 1-15.

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On June 15 and then again on July 8, SAFCA team members met with landowners and farmers who have property subject to acquisition under the Program to discuss the design criteria and footprint requirements. In general, affected property owners have acknowledged the need for the Program and its levee footprint, but expressed concerns about SAFCA's appraised values, with the magnitude of the take required for irrigation and drainage canals, flood control structural requirements, and the proposed location of mitigation features including woodlands which affect their properties. In light of these concerns, the SAFCA team has thoroughly reviewed structural design options and design criteria, operation and maintenance issues, long-term costs, program mitigation requirements, and other constraints and considerations. Staff has prepared two papers that document, for the benefit of affected property owners and the interested public the basis for the selection of canal side slopes and the basis for the design and placement of woodland mitigation areas, including the process that led to site selection (Attachments 8 and 9).

NEPA/CEQA and Permitting Update

Phase 3 Project Update

The Phase 3 Project EIR was certified by the SAFCA Board on May 21, 2009. The administrative draft EIS is undergoing Corps Headquarters review. A record of decision is scheduled to be signed in September 2009.

On July 6, 2009, the SAFCA Executive Director submitted the attached Section 104 credit request (Attachment 10) to the CVFPB for the NLIP Phase 3a Project. The Phase 3a Project includes the irrigation and drainage canal relocations located in Sacramento River East Levee Reaches 6-9a.

Phase 4a Project Update

The Phase 4a Project includes the Sacramento River East Levee Reaches 10-15 and work on the Natomas Cross Canal South Levee at the Bennett and Northern Main Pump Stations. The administrative draft EIS/EIR is undergoing review by Corps Headquarters. The draft is scheduled to be released to the public in August 2009. The Phase 4a Project construction contract will be ready for award in early 2010.

RECOMMENDATION

Staff recommends that the Board receive and file this report.

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Attachment(s)