



MEMORANDUM

DATE: April 05, 2019

TO: Governing Board
San Francisco Bay Restoration Authority

FROM: Brenda Buxton, Project Manager
San Francisco Bay Restoration Authority

SUBJECT: South San Francisco Bay Shoreline Project Update

In April 2018, the Authority authorized a grant to the Santa Clara Valley Water District (SCVWD) for \$4,439,406 for design and construction of the first phase of implementation of the South San Francisco Bay Shoreline Project for Economic Impact Area 11 (Shoreline Project). The Shoreline Project, an effort to provide flood protection, restore 2,900 acres of former salt evaporation ponds, and improve public access in the Alviso area of South San Francisco Bay, is a partnership among SCVWD, U.S. Army Corps of Engineers (Corps), California State Coastal Conservancy and U.S. Fish and Wildlife Service.

Since the Authority's grant was authorized, the SCVWD has worked to acquire, transport and stockpile approximately 300,000 cubic yards of clean levee fill material in Pond A12 in Alviso for the construction of a 15.2-foot high flood protection levee. The SCVWD has not yet invoiced but anticipates submitting a request for \$500,000 in April 2019. This phase of the project runs along the existing berms on the eastern side of the Santa Clara County Marina Park, Pond A12, and the southern corner of Pond A13 – referred to as “Reach 1” of the Project. On December 17, 2018, the SCVWD put out a request for proposals (RFP) for a contractor to provide fill soil that met the Corps' levee specifications. A proposal meeting was held on January 3, 2019 with 12 general contractors and four firms submitted proposals to be considered. Beginning January 18, 2019 through January 22, 2019 District staff evaluated the proposals and selected Pacific States Environmental as the top-ranked contractor to perform the work and the SCVWD entered into an agreement on March 6, 2019. Pending soil testing approvals by the Regional Water Quality Control Board, Pacific States Environmental anticipates that trucks will start placing material at the stockpile site in mid-April 2019 until the Corps awards the Reach 1 construction contract in the summer of this year. At that time, fill delivery may be assumed by the Corps.

In March 2018, the SCVWD began acquisition of the real property required for Reach 1. SCVWD staff have had discussions with the property owners located within the Reach 1 project

limits. A total of twenty parcels were identified for temporary and permanent land acquisition. To date the SCVWD has acquired a total of ten parcels and will acquire the remaining ten parcels by or before May 2019. Two of the parcels are being acquired by eminent domain.

On February 14, 2019, the SCVWD, the State Coastal Conservancy (Conservancy) (as the two non-federal sponsors), and the Corps entered into the Project Partnership Agreement for construction of the project. The agreement outlines the terms and conditions of the project, including the required cost-sharing. On March 13, 2019, the Corps submitted its first request for funds pursuant to terms of this agreement from the non-federal sponsors for \$500,000 to support pre-construction, engineering, and design for finalizing the Reach 1 construction documents, design of the next phase of the project (Reaches 2 and 3), the railroad and Artesian Slough closure structures, and to complete the evaluation of levee alignments in Reaches 4 and 5. The Corps will require additional contributions from the non-federal sponsors as design and construction proceed.

Background

Planning for the South San Francisco Bay Shoreline Project (formerly known as the South San Francisco Bay Shoreline Study) has been closely integrated with the South Bay Salt Ponds (SBSP) Restoration Project's planning efforts. This is because the SBSP's restoration of tidal marsh in Alviso can occur only after the Shoreline Project provides the necessary flood protection.

The SBSP Restoration Project is the largest tidal wetland restoration project on the West Coast. When complete, the project will restore 15,100 acres of industrial salt ponds to a rich mosaic of tidal wetlands and other habitats. The State and Federal governments acquired the salt ponds from Cargill in 2003 using funds provided by federal and state resource agencies and several private foundations. Shortly after the property was acquired, the California Department of Fish and Game, the U.S. Fish and Wildlife Service, and the California Coastal Conservancy launched a four-year, \$18 million public process to design a restoration plan for the property. The 50-year plan for restoration, public recreation, and flood protection was adopted in 2008 and the first phase of restoration started later that year.

Once the master plan for the SBSP Restoration Project was complete, restoration began on those ponds that did not need additional flood control. The initial goal was to restore half of the land, 7,500 acres, to tidal marsh, with the other 50% in managed ponds. By 2016, the partners had completed Phase 1 which opened 3,040 acres of former industrial salt ponds to tidal or muted tidal flows so nature can recreate wetlands. In addition, the SBSP Restoration Project improved the connection to the Bay in 710 acres to greatly enhance managed pond habitats. For recreation, the SBSP Restoration Project has also created approximately 7 miles of new trails, and other public access features including overlooks and a new kayak launch. Planning for the second phase of restoration work, which will include restoring thousands of additional acres to salt marsh, is now complete. Based on other restoration projects in the Bay Area and depending on the level of construction work needed, the cost could range from the low hundreds of millions to the high hundreds of millions over many decades.

In 2006, the SCVWD, the Conservancy and the Corps embarked on the South San Francisco Bay Shoreline Study (Shoreline Study), a federal feasibility study of the existing flood threat and biological conditions of the Santa Clara County shoreline. The U.S. Fish and Wildlife Service (USFWS) and the San José-Santa Clara Regional Wastewater Facility (RWF) have participated as well since they are the key landowners in this area. In 2011, in the interest of speeding up the planning process, the agencies conducting the Shoreline Study narrowed their focus to a high-risk region, the Alviso area between Alviso Slough/Guadalupe River and Coyote Creek.

The Alviso community is currently below sea-level and at great risk for tidal flooding. The infrastructure needed to protect Alviso, which must be constructed before any berms can be breached for tidal restoration, would be extremely costly, perhaps prohibitively so, without federal support.

According to the Corps' cost sharing requirements, the non-federal sponsors will provide cash for 35% of the construction costs for the flood protection levee and tidal wetland restoration, with the remaining 65% provided by the Corps. Recreational improvements are cost shared 50:50. The non-federal sponsors are responsible for 100% of the costs identified in the Shoreline Study as being part of the Locally Preferred Plan (LPP), which are those elements of the project desired by the non-federal sponsors but not deemed eligible for cost-sharing under the Corps' guidance. LPP elements of the Shoreline Project include the upland transition zone (ecotone) and raising the levee 3 feet higher to improve long-term levee performance with sea level rise. Total project costs, including the LPP elements, are expected to be \$174,000,000, with the non-federal sponsors' share projected to be \$103,738,500.

Current Request

In November 2018, SCVWD submitted an application to the Authority for approximately \$57 million over the next five years. An estimated schedule of expenses during that period is detailed below. The remainder of the project's \$174 million total cost would be incurred after 2023.

Year	Applicant's Funding	San Francisco Bay Restoration Authority - Round 1	San Francisco Bay Restoration Authority – Proposed Round 2	Other Funds - USACE	Total Cost
2018		\$4,439,406.00			
2019	\$12,645,000		\$2,308,849	\$2,604,439	\$17,558,288
2020			\$17,520,756	\$19,194,966	\$36,715,722
2021			\$4,131,975	\$5,045,204	\$9,177,179

2022			\$25,547,510	\$30,058,239	\$55,605,749
2023			\$7,517,583	\$355,494	\$7,873,077
TOTAL	\$12,645,000		\$57,026,673	\$57,258,342	\$126,930,015

Multi-Year Funding Considerations

The Shoreline request represents the first application for a single grant award greater than the Authority’s current and projected total annual budget for grants. Staff is currently evaluating options for structuring such an award, should it be recommended and subsequently made. One option is to require the grant applicant to reapply annually for award amounts that are within the Authority’s annual budget. A second option is to authorize the entire grant award but schedule disbursements to fit within the Authority’s annual budget. Approaches to implementing the second option include disbursing a set amount of funds on an annual basis; disbursing funds up to an annual maximum with the actual amount disbursed to be based on work completed in the previous years; and delegation to the Executive Officer of the determination of an annual amount. Staff believe a project such as this can be funded with currently projected resources and are not currently investigating bonding.