

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 5/22/2012	(3) CONTACT/PHONE Jill Ogren, Utilities Division Project Mgr (805) 781-5263	
(4) SUBJECT Consideration of: 1) a status update of the flood mitigation efforts in Oceano; 2) a budget adjustment of \$706,000 for the Arroyo Grande Creek Waterway Management Plan (WMP), by a 4/5th's vote; 3) request to approve a professional services agreement with Waterways Consulting, Inc., in the amount of \$330,000 for design services; 4) a request to authorize the Public Works Director to approve amendments to the agreement in an amount not to exceed a contingency of \$33,000; and 5) a request to authorize the Public Works Director to sign and submit applications for federal financing for implementation.			
(5) RECOMMENDED ACTION It is our recommendation that your Honorable Board acting on behalf of the San Luis Obispo County Flood Control and Water Conservation District (District): 1) Accept a status update of the flood mitigation efforts in Oceano; and 2) Authorize a budget adjustment, by a 4/5 th 's vote, in the amount of \$706,000 to provide funding for project implementation efforts for the WMP Alternative 3a project and the WMP Modified 3c project; and 3) Approve a Professional Service Agreement with Waterways Consulting in the amount of \$330,000, for final design of the Zone 1/1A Waterway Management Program, Alternative 3a and Modified 3c Projects; and 4) Authorize the Public Works Director to approve amendments to the agreement in an amount not to exceed a contingency of \$33,000; and 5) Authorize the Public Works Director to sign and submit applications to the United States Department of Agriculture (USDA) for participation in the Community Facilities Loan program and to Cal EMA for participation in the Hazard Mitigation Grant Program (HMGP).			
(6) FUNDING SOURCE(S) Flood Control General Reserves, Flood Control Zone 1 Operations	(7) CURRENT YEAR FINANCIAL IMPACT \$706,000.00	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. _____) <input checked="" type="checkbox"/> Board Business (Time Est. <u>45 mins.</u>)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A		(12) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: 1112134 <input checked="" type="checkbox"/> 4/5th's Vote Required <input type="checkbox"/> N/A	
(13) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) 19001131		(14) W-9 <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes	
(15) LOCATION MAP Attached	(16) BUSINESS IMPACT STATEMENT? No	(17) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date 12/6/11; Item No. 15	
(18) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(19) SUPERVISOR DISTRICT(S) District 4 -			

Reference: 12MAY22-BB-2

County of San Luis Obispo



TO: Board of Supervisors
FROM: Public Works
Jill Ogren, Utilities Division Project Manager
VIA: Dean Benedix, Utilities Division Manager
DATE: 5/22/2012

SUBJECT: Consideration of: 1) a status update of the flood mitigation efforts in Oceano; 2) a budget adjustment of \$706,000 for the Arroyo Grande Creek Waterway Management Plan (WMP), by a 4/5th's vote; 3) request to approve a professional services agreement with Waterways Consulting, Inc., in the amount of \$330,000 for design services; 4) a request to authorize the Public Works Director to approve amendments to the agreement in an amount not to exceed a contingency of \$33,000; and 5) a request to authorize the Public Works Director to sign and submit applications for federal financing for implementation.

RECOMMENDATION

It is our recommendation that your Honorable Board acting on behalf of the San Luis Obispo County Flood Control and Water Conservation District (District):

- 1) Accept a status update of the flood mitigation efforts in Oceano; and
- 2) Authorize a budget adjustment, by a 4/5th's vote, in the amount of \$706,000 to provide funding for project implementation efforts for the WMP Alternative 3a project and the WMP Modified 3c project; and
- 3) Approve a Professional Service Agreement with Waterways Consulting in the amount of \$330,000, for final design of the Zone 1/1A Waterway Management Program, Alternative 3a and Modified 3c Projects; and
- 4) Authorize the Public Works Director to approve amendments to the agreement in an amount not to exceed a contingency of \$33,000; and
- 5) Authorize the Public Works Director to sign and submit applications to the United States Department of Agriculture (USDA) for participation in the Community Facilities Loan program and to Cal EMA for participation in the Hazard Mitigation Grant Program (HMGP).

DISCUSSION

In December 2010 significant flooding occurred in the community of Oceano. As a result, Public Works staff presented flood mitigation recommendations and status updates to your Board throughout 2011. On October 25, 2011, your Board approved a budget adjustment of \$785,000 to fund seven identified work priorities. Attachment "A" provides a status update on the seven work priorities, as well as other related work efforts within Zone 1/1A.

The projected 2011-12 fiscal year-end savings in Flood Control Zone 1 is \$121,330, including unspent funds from the budget adjustment of \$785,000 approved last October. Attachment "B" provides a budget status for Flood Control Zone 1 through the 3rd Quarter of this fiscal year.

Arroyo Grande Creek Channel Waterway Management Program

On November 2, 2010, your Board approved the Arroyo Grande Creek Channel Waterway Management Program (WMP) and certified the Program's Environmental Impact Report. The WMP is a comprehensive set of actions designed to enhance the current capacity of the levee portion of the Arroyo Grande Creek Channel and the Los Berros Creek Diversion Channel to provide flood protection up to a 20-year storm event while simultaneously enhancing water quality and sensitive species habitat within the managed channel. The WMP includes vegetation management, sediment management and levee raises. Levee raises are proposed in two stages (3a and 3c) to ultimately achieve 20-year flood protection.

State and Federal Financing

The California Department of Water Resources (DWR) recently allocated grant funds to the District to begin implementing components of the WMP. Approximately \$2.8 million was awarded through the Proposition 1E Stormwater Flood Management Program (Prop 1E grant) for implementation of the initial phase of the WMP, known as Alternative 3a (WMP Alternative 3a, Attachment "C") to provide 10 year flood protection. The WMP was also awarded \$2.2 million from the Proposition 84 Integrated Regional Water Management Plan Implementation Program (Prop 84 grant) for the second phase of the WMP, known as Modified Alternative 3c (WMP Modified 3c, Attachment "D") to provide up to 20 year flood protection for the residential areas north of the channel.

A condition of the Prop 1E grant (\$2.8 million), however, includes a substantial matching requirement. Approximately \$716,500 has already been spent on the planning and development of the WMP, including the EIR, which counts towards the match requirement. In addition, the portion of the recommended budget adjustment at this time pertaining to the WMP Alternative 3a Project in the amount of \$488,000 will also count towards the match. If the \$3.0 million match is not secured through the USDA (Option #1 below), nor the HMGP (Option #2 below), then \$1.8 million of additional funding would be necessary from Flood Control General reserves to satisfy the match (Option #3 discussed below). In summary, the following three options exist to meet the matching requirement.

1. A low-interest loan from the United States Department of Agriculture (USDA) Community Facilities Loan Program (~\$3.0M). A pre-application for the proposed loan was accepted by the USDA and staff has prepared a full application. Repayment of the loan would be expected to come from Zone 1/1A annual revenues. Uncertainty on future maintenance efforts, however, would result in the need for Flood Control General to establish reserves to assist in the repayment of the USDA loan in the event that Zone 1/1A has unanticipated expenditures in any given year, or multiple years.

2. Staff is also preparing an application to participate in Cal EMA's Hazard Mitigation Grant Program (HMGP). The HMGP funding could be used to implement the vegetation and sediment management components of the WMP and address the local match requirement for the Prop 1E grant.
3. Lastly, the match can be provided from the District's discretionary reserves. On December 13, 2011, staff presented the District's discretionary reserves to your Board, which at that time were estimated at approximately \$13.4 million. In the 2012/13 proposed budget, staff is recommending appropriating \$308,000 from reserves for the Paso Groundwater Basin and \$22,000 for other operational efforts. Together with estimated budgetary results from the current year, and budget adjustments since December 2011, discretionary District reserves are now estimated at \$13.15 million for next fiscal year. Utilizing \$1.8 million, if needed, would reduce the District's discretionary reserves to \$11.35 million.

The following table summarizes the potential State and Federal financing:

Project	Project Cost	Prop 1E	Prop 84	Local Match HMGP or USDA loan
WMP Alternative 3a	\$5.8M	\$2.8M	-	\$3.0M
WMP Modified 3c	\$2.2M	-	\$2.2M	

Your Board approval of the recommended actions today authorizes the Public Works Director to apply for a grant from Cal EMA as well as apply for a loan from the USDA and provides financing options for the proposed WMP Alternative 3a project.

Recommendation for Design Services (Waterways Consulting, Inc.)

As part of the planning efforts for these two projects, conceptual design plans have been completed and were included in the Waterway Management Program and the Environmental Impact Report. In addition, regulatory agency permit applications for the WMP Alternative 3a project have already been submitted. In order to implement the proposed projects, the next phase of work will involve final design including preparation of final construction plans, final easement documents, and final applications for regulatory agency permits for WMP Modified 3c. In order to meet proposed grant funding schedules, final design and construction documents must proceed concurrent with permitting efforts. Construction could begin on both the Prop 1E WMP Alternative 3a project and Prop 84 WMP Modified 3c project during the summer of 2013 and be completed in 2015 if the regulatory permits can be obtained in a timely manner.

Waterways Consulting, Inc., (then a part of Swanson Hydrology+Geomorphology, Inc.) was selected to be a part of the project design team through the Board adopted contract for Services Policy, County Request for Qualifications (RFQ) PS-968 dated July 17, 2007, to develop the Waterway Management Program including conceptual design plans (30% design). It is now necessary to enter into contract directly with Waterways Consulting, Inc., for the next phase of design work since the original contract was with Morro Group/SWCA while Waterways Consulting, Inc. was acting as a subconsultant. The phasing of actual consultant services via a subsequent and separate contract agreement has enabled the County to refine the work of the consultant and consultant fees as we proceed through project development and into the design and construction phase. In contrast, awarding a broader scope of work immediately upon issuance of RFQ PS-968 would have resulted in less certainty on specific design services and a greater level of contingencies at that time.

OTHER AGENCY INVOLVEMENT/IMPACT

District staff provides frequent updates to the Zone 1/1A Advisory Committee on these projects.

County Counsel has reviewed and approved the attached contract for legal form and effect.

The projects will require permits from Army Corps of Engineers, Regional Water Quality Control Board, California Coastal Commission and California Department of Fish and Game.

FINANCIAL CONSIDERATIONS

Flood Control Zone 1 operations have incurred some recent start-up expenditures related to the WMP Alternative 3a and WMP Modified 3c project efforts. In order to transfer the expenditures from operations into the respective two capital projects for proper accounting, it is necessary to transfer the same amount of budget from operations to the respective projects.

The projects will also incur additional start up expenses until permanent funding sources are secured. Flood Control General (Fund No. 1300000000) would provide a short-term loan in the amount of \$650,000 to Flood Control Zone 1 (Fund No. 1300500000), to cover these project implementation costs. This loan is anticipated to be repaid in Fiscal Year 2012/13 when the grant agreements from DWR and the anticipated loan agreement from the USDA or potential HMGP funds are expected to be received and executed by your Board. Future project costs related to these projects are proposed to be covered by anticipated loan and grant funds in Fiscal Years 2012/13 through 2014/15. If a USDA loan or HMGP funds are not awarded to the project, staff will return to your Board to discuss funding options including a long term loan from District reserves to address the required local match for the Prop 1E grant.

The budget adjustment request is as follows:

	<u>WBS #300477</u> <u>WMP Alternative 3a</u>	<u>WBS #300478</u> <u>WMP Modified 3c</u>	<u>Total</u>
From Flood Control Zone 1 Operations	\$13,000	\$43,000	\$ 56,000
From Flood Control Zone General	\$475,000	\$175,000	\$650,000
TOTAL	\$488,000	\$218,000	\$706,000

RESULTS

Approval of the recommended actions will allow District staff to move forward with implementation of the Zone 1/1A Waterway Management Program, Alternative 3a Project and Modified 3c Project which will result in improving the flow characteristics and providing 10 year flood protection within the creek channels and an estimated 20-year flood protection to the more densely populated residential area north of the channel, thereby reducing the risk of flooding and resulting in improved public safety.

Reference: 12MAY22-BB-2

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ATTACHMENTS

1. Vicinity Map
2. Attachment A - Status of Flood Mitigation Efforts
3. Attachment B - Budget Summary
4. Attachment C - Prop 1E WMP Alternative 3a Project
5. Attachment D - Prop 84 WMP Modified 3c Project
6. Professional Services Agreement
7. Exhibit A to Professional Services Agreement
8. Exhibit B to Professional Services Agreement
9. Exhibit C to Professional Services Agreement