

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

(1) DEPARTMENT Public Works	(2) MEETING DATE 4/23/2013	(3) CONTACT/PHONE Jill Ogren, Utilities Division Project Manager (805) 781-5263	
(4) SUBJECT Consideration of a status update of the Zone 1/1A Arroyo Grande Creek Channel Projects – Water Management Plan (WMP) Alternative 3a (Project #300477) and WMP Modified 3c (Project #300478). District 4.			
(5) RECOMMENDED ACTION It is our recommendation that your Honorable Board receive this status update on the Arroyo Grande Creek Channel Waterway Management Program Alternative 3a and Modified 3c projects.			
(6) FUNDING SOURCE(S) N/A	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? N/A
(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. 30 min)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input checked="" type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5th's Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>5/22/12 #15; 11/13/12 #5</u>	
(17) ADMINISTRATIVE OFFICE REVIEW <i>Nikki J. Schmidt</i>			
(18) SUPERVISOR DISTRICT(S) District 4 -			

Reference: 13APR23-BB-1

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: 4/23/2013

SUBJECT: Consideration of a status update of the Zone 1/1A Arroyo Grande Creek Channel Projects – Water Management Plan (WMP) Alternative 3a (Project #300477) and WMP Modified 3c (Project #300478). District 4.

RECOMMENDATION

It is our recommendation that your Honorable Board receive this status update on the Arroyo Grande Creek Channel Waterway Management Program Alternative 3a and Modified 3c projects.

DISCUSSION

On May 22, 2012, your Board heard a status update on the above projects and approved a budget adjustment of \$706,000 to provide funding for start-up efforts on the Arroyo Grande Creek Waterway Management Program (WMP) Alternative 3a (Alt 3a) and Modified 3c (Mod 3c) projects. This work included approval of a design contract for Waterways Consulting, Inc. and authorized the Public Works Director to sign and submit applications for federal funding. The purpose of today's discussion is to update your Board on the progress and status of the projects and funding.

Project Status and Development

The WMP and associated Final EIR were developed and adopted by your Board in 2010. As previously reported, it is a comprehensive set of actions designed to restore the capacity of the leveed lower three miles of Arroyo Grande Creek Channel and the Los Berros Creek Diversion Channel to ultimately provide flood protection up to a 20-year storm event. It will also simultaneously enhance water quality and sensitive species habitat within the managed channel. We are currently underway with implementing projects identified in the WMP which will increase flood protection to provide 10 year flood protection for the entire channel and 20 year flood protection, or greater, for some areas.

The Alt 3a and Mod 3c projects, as they are known, are now at the 50% design stage. Alt 3a implements the following key elements: vegetation and sediment management and a levee raise, which are consistent with the previous Board update. However, the Mod 3c scope of work has been

refined since the May 2012 update to your Board. The project now incorporates flood control walls, levee top stabilization and outside slope reinforcement that will result in 20-year plus flood protection for the areas on the north side of the levee and protect the south levee from catastrophic failure during overtopping events. Attachment “A” illustrates the components of both projects.

As part of the Mod 3c project refinement, an EIR Addendum was prepared and approved on March 13, 2013, by the Environmental Coordinator. The Addendum documents that the potential environmental impacts of the modified project description are consistent with the prior analysis that was included in the Final EIR which was certified on November 2, 2010.

Next Steps

With recent completion of the 50% Design plans and EIR Addendum, efforts are now being directed towards obtaining a National Environmental Policy Act (NEPA) document. This is necessary to obtain resource agency permits and federal funding for the projects. Preparation of the NEPA document and submittal of resource agency permit applications are being done concurrently (Attachment “B” – Permit Summary). We anticipate construction will begin in June 2015 with completion in October 2016. To maintain this project schedule, the critical path is obtaining all permits by October 2014 and securing any needed temporary construction easements by spring 2015.

State and Federal Financing

A summary of the anticipated project revenue is shown below:

Funding Summary Table

Project	Prop 1E Grant	Prop 84 Grant	HMGP Grant	USDA Loan	Project Cost
Alternate 3a	\$2,800,000		\$2,100,000	\$1,900,000	\$6,800,000
Modified 3c		\$2,200,000			\$2,200,000
Total Project Cost:					\$9,000,000

Proposition 1E Grant

The California Department of Water Resources (DWR) recently allocated grant funds to the District. Approximately \$2.8 million was awarded through the Proposition 1E Stormwater Flood Management Program (Prop 1E grant) for implementation of the Alt 3a project in order to provide 10 year flood protection. Public Works is working with DWR to finalize the agreement necessary to receive the Prop 1E funding from DWR.

Proposition 84 Grant

Another \$2.2 million was allocated through the Proposition 84 Integrated Regional Water Management Plan Implementation Program (Prop 84 grant) for implementation of Mod 3c to provide 20 year flood protection to residential areas north of the channel. Your Board, on March 26, 2013, authorized the Public Works Director to execute sub-agreements necessary to receive the Prop 84 funding.

Hazard Mitigation Grant Program (HMGP)

At the last Board update, you authorized an application for Federal grant funding. Staff has been successful in securing a grant allocation through FEMA's Hazard Mitigation Grant Program (HMGP). The District has been informed that the request for \$2.1 million has been tentatively approved, pending completion of the NEPA document. These funds will be used as the local match required by the DWR grants.

USDA Loan

Any other costs not met by these three grants (Prop 1E, Prop 84, HMGP) will be met through a 40 year low-interest loan from the United States Department of Agriculture (USDA) Community Facilities Loan Program (~\$1.9 million) to be repaid by existing benefit assessments approved by property owners in 2006. Pre-application materials for the proposed loan were accepted by the USDA and staff has submitted a full application.

OTHER AGENCY INVOLVEMENT/IMPACT

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

The projects will require permits from Army Corps of Engineers, National Marine Fisheries Service, U.S. Fish & Wildlife Service, Regional Water Quality Control Board, California Coastal Commission and California Department of Fish and Wildlife. Additionally, communication with stakeholders, local utility providers, Caltrans and Union Pacific Railroad will be necessary to coordinate activities during construction.

FINANCIAL CONSIDERATIONS

Although \$9.0 million in outside funding has been allocated, interim funding is necessary to cover anticipated costs before grant and loan agreements are finalized. As a part of the FY 2013-14 budget processes, interim funding from Flood Control General Reserves will be requested in the amount of approximately \$1.1 million to cover project expenditures (listed below) until NEPA is complete, construction can commence, and grant reimbursement billings can occur.

- Project Management
- Grants and Loan Agreements
- Easements
- NEPA Document
- Construction Contracting
- Environmental Permitting

Some of the interim Flood Control General funding may be needed to cover ineligible grant costs. This would be repaid to Flood Control General over time from Flood Control Zone 1/1A revenues. How quickly it would be repaid is dependent upon the amount needed to cover ineligible costs, which at this point in time appears to be minimal.

RESULTS

Today's discussion is intended to provide your Board with an update on the Arroyo Grande Creek Channel Waterway Management Program Alternative 3a and Modified 3c projects, additional work efforts that are needed to implement projects, and to inform your Board of the recent award of an additional \$2.1M in grant funds. Continued efforts and support funding will reduce the financial burden (debt service) for the Zone 1/1A residents to implement these necessary flood control projects contributing to the County's goals of providing a safe, healthy, livable and well governed community.

File: CF 340.69.01

Reference: 13APR23-BB-1

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ATTACHMENTS

1. Vicinity Map
2. Attachment A - Aerial of Project
3. Attachment B - Environmental Permit Summary