

ACTION ITEM

Delta Levees Investment Strategy Update and Contract Amendment

Summary: This report provides an update on the Delta Stewardship Council's work to develop updated priorities for State investments in Delta levees (Water Code section 85306). Staff recommends the Council authorize the Executive Officer to amend the contract with Arcadis, the project's consultant, to add up to \$1,845,902 to complete work necessary to develop the Delta Levees Investment Strategy. Staff will brief the Council on the need for additional funding for items including data development, outreach activities, and the CEQA process. Staff will also provide a project update.

Requested Action

Authorize the Executive Officer to increase the contract amount between the Delta Stewardship Council and Arcadis for work related to developing updated priorities for State investments in Delta levees by \$1,845,902 for a total contract amount of \$4,308,393.

Background

The Delta Reform Act requires that the Delta Plan promote strategic levee investments that attempt to reduce risks to people, property, and state interests in the Delta (Water Code section 85305) and recommend priorities for state investment in levee operation, maintenance, and improvements in the Delta (Water Code section 85306). In addition, the Delta Plan may identify actions to be taken outside of the Delta, if those actions are determined to significantly reduce flood risks in the Delta and may include local plans of flood protection (Water Code section 85307(a-b)). Payments through the Delta Levee Maintenance Subventions Program must "reflect the priorities of, and be consistent with, the Delta Plan" (Water Code section 12986(c)).

The Delta Plan's regulatory policies include interim priorities to be used until a more comprehensive investment methodology is developed (RR P1; 23 CCR 5012).

The Delta Plan indicates that the Council would act promptly to update these interim priorities, working in consultation with DWR, the Central Valley Flood Protection Board (CVFPB), the Delta Protection Commission (DPC), local agencies, and the California Water Commission (Delta Plan 2013 - RR R4). The Plan notes that "currently, no comprehensive method exists to prioritize State investments in Delta levee operations, maintenance, and improvement projects. Without a prioritization methodology, the apportionment of public resources into levees may not occur in a manner that reflects a broader, long-term approach."

In May 2014, the Council authorized the Executive Officer to execute a contract between the Delta Stewardship Council and Arcadis in the amount of \$1,981,491 for work related to developing updated recommendations for priorities for State investment in Delta levees. In June 2015, this contract was amended to add \$481,000 for work related to the development of conceptual levee designs, report writing, and project management. With this funding, Council staff and the Arcadis team have been developing the means to evaluate the probability of levee breaches and potential impacts to State interests with the use of an innovative decision-support tool. This tool, which allows users to explore scenarios based on the most up to date inventory of Delta asset and levee condition information available, will aid the Council in its development of recommendations for priorities for State investments. The project efforts have included gathering existing asset data, evaluating hazards and levee vulnerability, and developing metrics that would suitably represent the impacts of flooding on those identified State interests in the Delta. An independent scientific review panel was also convened to review the proposed methodology and this led to refinements being implemented in the decision-support tool.

Although much progress has been made, the additional work to refine the methodology along with extensive work needed to develop new inputs, based on feedback from our technical resource stakeholder group, the public, and the independent review panel, has led to increased project costs. Staff requests that the Council authorize the Executive Officer to amend the existing contract with Arcadis to add up to \$1,845,902 to complete work necessary to develop the Delta Levees Investment Strategy.

Additional funding above the original authorized amount will cover remaining work necessary to develop key input (in the form of investment scenarios) to the Delta Levee Investment Strategy planning tool to illustrate where improvements are needed and the extent and cost of these improvements. Developing the Delta Levees Investment Strategy is requiring significantly more effort than originally anticipated, especially to develop alternative investment concepts, meet Council and stakeholder expectations for public and agency involvement, and comply with the California Environmental Quality Act (CEQA). During development of the Request for Proposal (RFP), discussions with other State agencies that fund levee improvement projects indicated that information on anticipated levee projects was available in the RDs' five-year plans submitted to these other agencies. However, after the consultants collected the available data, only 25 useful projects were found in the reclamation district five-year plans. The quality and quantity of these projects did not adequately represent the geographic scope and level of improvements that may be needed in the Delta, hence more technical development is required.

Specifically, additional funding will be used to develop a set of levee improvement project concepts that address risks identified from existing tasks in the current contract. These concepts will be used, in lieu of actual project proposals, for evaluation of investments that can reduce risk to people, property and State interests in the Delta. This analysis will be completed using the Delta Levees Investment Strategy decision-support tool which identifies areas most at risk from these events and evaluates the potential investments that would reduce this risk including the cost effectiveness of these projects.

The conceptual levee designs will also be used as the basis for the CEQA evaluation of the proposed investment strategy and potential policy changes in the Delta Plan and associated regulations. A Programmatic Environmental Impact Report will be prepared to summarize possible actions and consequences so that the State will be able to rely on this report as a reference for future planning and implementation activities, creating additional value, rather than limiting the environmental review to the Council's work only.

In addition, since State funds are used to pay for levee improvements, it is necessary that all interested parties in the Delta are afforded the opportunity to provide information on their proposed project needs. If approved, this funding will also be used for additional stakeholder outreach efforts that have become necessary as a part of developing conceptual levee designs and projects. This stakeholder engagement will ensure conceptual projects are representative of the types of projects that would be proposed for levee improvements. This engagement will also ensure stakeholders from all regions of the Delta are consulted and their input incorporated into this project throughout the analysis and development of prioritization recommendations.

Recommendations and Next Steps

In order to complete work on this project, staff recommends that the Council authorize the Executive Officer to amend the contract with Arcadis. Council authorization is required because the total amount of the contract exceeds the Executive Officer's \$500,000 delegated authority.

The term of the contract will be extended from June 2016 to May 2017 and all work paid for under this contract will be related to the investment prioritization task. If the Council authorizes the Executive Officer to amend this contract, the Council's Contracting Office will be notified immediately so that they may proceed with developing the contract amendment for the Executive Officer's approval. Staff anticipates the start date of this contract amendment will be in April 2016.

Fiscal Information

Additional funding for this project will be provided through an amended Interagency Agreement with the Department of Water Resources.

List of Attachments

No attachments.

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