

Update on Levee Investment Prioritization

Requested Action: Authorize the Executive Officer to execute a contract between the Delta Stewardship Council and ARCADIS for work related to developing recommendation for priorities for state investments in Delta levees.

Recommendation

This report provides an update on the Delta Stewardship Council's (DSC) work to develop recommendations for priorities for state investments in Delta levees (Water Code Section 85306). Staff has completed the process of soliciting proposals for consultants to assist in this effort and has selected the Dutch engineering firm ARCADIS as the technical lead to work with the DSC. Staff will recommend that the Council authorize the Executive Officer to enter into a contract with ARCADIS in the amount of \$1,981,491 to complete this work. Staff and representatives from ARCADIS will brief the Council on the proposed approach to this project including a description of key tasks and deliverables, team members, outreach and stakeholder engagement activities and project timelines.

Background

A comprehensive strategy for state investments in Delta levees is comprised of many elements, including statutory requirements, Delta Plan policies and recommendations, and ongoing implementation efforts by other key agencies. The Delta Reform Act requires that "The council, in consultation with the Central Valley Flood Protection Board, shall recommend in the Delta Plan priorities for state investments in levee operation, maintenance, and improvements in the Delta, including both levees that are a part of the State Plan of Flood Control and non-project levees." (CA Water Code Section 85306).

In the Delta Plan, the Council directs itself, in consultation with the Department of Water Resources, the Central Valley Flood Protection Board (CVFPB), the Delta Protection Commission (DPC), local agencies, and the California Water Commission to implement Water Code Section 85306 by developing funding priorities for state investments in Delta levees by January 1, 2015 (Delta Plan recommendation RR R4 *Actions for the Prioritization of State Investments in Delta Levees*). This recommendation provides guidance on the actions, analysis and methodologies to be conducted to develop priorities and a list of required deliverables to be prepared for the public. Until the updated investment priorities are completed and adopted pursuant to Water Code Section 85306, the Delta Plan identifies interim priorities to guide "discretionary State investments in Delta flood risk management." (Delta Plan policy RR P1 *Prioritization of State Investments in Delta Levees and Risk Reduction*; 23 CCR 5012).

Other key activities associated with state investments in Delta levees currently underway include:

- **California Water Action Plan:** This plan was prepared by the California (CA) Natural Resources Agency, CA Department of Food and Agriculture and the CA Environmental Protection Agency. This plan stresses the need for improved flood protection for the state. Priority actions by state, local and regional governments for reducing flood risks and improving the state's preparedness and resiliency are identified in the plan. Included in the list of priority actions is the call to create a Delta Levee Assessment District and to identify state funding priorities for Delta levees adding additional focus on and urgency to these actions.
- **Delta Protection Commission (DPC):** As the Delta Plan states in recommendation RR R2: "The Legislature should create a Delta Flood Risk Management Assessment District with fee assessment authority (including over state infrastructure) to provide adequate flood control protection and emergency response for the regional benefit of all beneficiaries, including landowners, infrastructure owners, and other entities that benefit from the maintenance and improvement of Delta levees, such as water users who rely on the levees to protect water quality." Through an interagency agreement with the Department of Water Resources, the DPC will investigate the feasibility of developing a Delta Flood Risk Management Assessment District for levee maintenance, improvements and other functions as described in the Delta Plan.
- **Department of Water Resources (DWR):** On September 24, 2013, the Department of Water Resources (DWR) released *FloodSAFE, A Framework for Department of Water Resources Integrated Flood Management Investments in the Delta and Suisun Marsh (draft V9)* for public review and comment. As this document states: "This Framework is designed to provide guidance to DWR for making strategic investments to help preserve the physical characteristics of the Delta while recognizing that some areas could still be irrevocably damaged during a large flood or seismic event." This document is closely related to and consistent with Delta Plan policy RR P1.
- **California Central Valley Flood Protection Board (CVFPB) Strategic Plan (2013-2017):** This plan was adopted by the CVFPB in June 2013 and the geographic scope of this plan covers the Sacramento-San Joaquin Valley, including the Delta. In this plan, there are several goals, objectives, and strategies that share the same vision as the DSC's levee investment prioritization project. These include:
 - a. Preserving the integrity and function of flood protection systems in the Central Valley.

- b. Providing leadership in optimizing flood protection planning, management and operations.
- c. Developing broad public support for regional and system-wide multi-benefit flood risk reduction projects and programs.

An update of this plan will be completed by 2017 and current regional and basin-wide planning efforts are underway that will inform this version of the plan.

Steps to Initiate the DSC's Effort

At its December 19, 2013 meeting the Council adopted a resolution authorizing the Executive Officer to approve an interagency agreement (IA) between the DSC and the Department of Water Resources (DWR) for work related to updating funding priorities for state investments in Delta levees. The total funding capacity of the IA is two million dollars and the agreement is for a three-year period. Funding provided through the IA is being used to secure the services of consultants to assist DSC staff with completing this effort.

To ensure that this complex and likely controversial effort would be undertaken by well-qualified experts in the required fields and could be completed in a relatively short period of time staff released a Request for Proposals (RFP) package on February 25, 2014. Through the RFP process, rigorous screening and selection criteria were utilized to select the best technical team. Screening and evaluation steps included (1) reviewing proposals and associated documents to ensure they were complete and accurate; (2) utilizing a selection panel consisting of staff members from DSC, DWR and DPC to identify the most qualified project team by reviewing technical proposals and evaluating team member qualifications using a predetermined scoring system; (3) utilizing the selection panel to conduct an interview and presentation process for each team, and; (4) scoring the cost proposals using a formula that awarded the lowest bidder with maximum points and the remaining bidders a percentage of the maximum points based on how close their estimates were to the lowest cost figure.

Successful Bidder

On April 22, 2014, the DSC announced its intent to award the Dutch engineering firm, ARCADIS, with the contract for this project given its ranking in the RFP process, its innovative proposal, strong team membership, and sound work plan. Its prior work in the Delta includes support for the Council's review of the Bay Delta Conservation Plan as well as work for local clients and water agencies in the south Delta. With 22,000 employees worldwide, the company also has an extensive international network, including clients addressing risk reduction, levees and other resilient infrastructure in coastal Louisiana, the Mississippi Delta, the Bay area, and locales in New York affected by Hurricane Sandy.

Other parties in ARCADIS' project team include the Rand Corporation, the Santa Monica-based think tank, which is responsible for risk and cost allocation tasks and for

assessing and ranking levee investments. The team also includes Environmental Science Associates, an employee owned environmental science and planning firm that will carry out the project's environmental analysis.

Presenter: At the meeting, William Hinsley, Associate Vice President in ARCADIS' National Water Management Group, will describe the ARCADIS team and its approach to this project.

Proposed Project Approach

For this effort the DSC will partner with several key state, local agencies and stakeholders to achieve the following three major objectives:

- Create a comprehensive strategy for prioritizing limited state funding for Delta levees to ensure that the state has a systematic approach for targeting the improvement of public safety, ecosystem conditions, and economic sustainability while recognizing the financial challenges facing local, state, and the federal government today.
- Protect people, property and state interests in the Delta by integrating government investment and stakeholders' concerns to further the Delta Reform Act's coequal goals and protect the Delta as a place.
- Propose fair cost-sharing among those who benefit from the protection provided by the Delta's levees and provide a means for Delta beneficiaries to obtain the appropriate level of protection that reflects increasing residual risk.

For this project, ARCADIS has proposed an 18-month performance period for the levee prioritization component with an additional six months to complete the environmental assessment work. During this 24-month period, this project will address, at a minimum, the following major tasks:

- Identify Appropriate Level of Flood Protection: Consider the beneficiaries of the Delta levee system when recommending flood risk tolerances or criteria for federal and state governments, local agencies, and each beneficiary of the flood protection provided by Delta levees.
- Propose Appropriate Cost Allocation: Develop a method, in cooperation with the DPC that is compatible with their Delta Risk Management Assessment District Feasibility Study for allocating the costs of operating, maintaining and improving Delta levees among the various beneficiaries.
- Recommend State Investment Priorities for Delta Levees: Use data, methods, assumptions, models, and procedures that have been utilized in this project and reviewed and commented on by an independent peer review panel to prepare a

tiered ranking of all Delta islands that will prioritize and guide state investments in the operation, maintenance, improvement and recovery of levees in the Delta.

- Conduct Environmental Assessment for CEQA Compliance: Conduct an environmental impact assessment to inform the state of the potential program-level environmental impacts related to the components of this study.
- Conduct Extensive Stakeholder and Public Engagement Processes: Build an understanding of and obtain input for process as it is conducted. Seek support for the data, methodologies, results, and recommendations of this project. The participating entities include, but are not limited to, state, local and federal agencies and organizations, and stakeholders whose interests, programs and projects overlap with this effort.
- Quality Control: ARCADIS will prepare and implement a Quality Control Plan (QCP) addressing the full scope of work activities and deliverables in the contract. The QCP will define the expectations associated with work execution and establish the quality control processes that will be implemented to ensure that these expectations are achieved.

Recommendations and Next Steps

In order to fully initiate work on this project, staff recommends that the Council authorize the Executive Officer to execute a contract with ARCADIS. Council authorization is required because the total amount of the contract is \$1,981,491, which exceeds the Executive Officer's \$500,000 delegated authority.

The full-term of the contract will be for two years and all work paid for under this contract will be related to the investment prioritization task. If the Council authorizes the Executive Officer to approve this contract, the DSC's Contracting Office will be notified immediately so that they may proceed with developing and finalizing the contract for the Executive Officer's approval. Staff anticipates the start date of this contract will be in early June 2014.

Contact

You Chen (Tim) Chao
Senior Engineer, Risk Reduction

Phone: (916) 445-0143