

MEMORANDUM

August 10, 2018

TO: MEMBERS, PORT COMMISSION
Hon. Kimberly Brandon, President
Hon. Willie Adams, Vice President
Hon. Gail Gilman
Hon. Victor Makras
Hon. Doreen Woo Ho

FROM: Elaine Forbes
Executive Director

SUBJECT: Request authorization to enter into a Feasibility Cost Sharing Agreement with the United States Army Corps of Engineers San Francisco District for the San Francisco Waterfront Storm Risk Management Project

DIRECTOR'S RECOMMENDATION: Approve Attached Resolution

EXECUTIVE SUMMARY

Port staff requests that the Port Commission authorize the Executive Director to enter into and execute a new Feasibility Cost Sharing Agreement (FCSA), required by the United States Army Corps of Engineers (USACE) as a condition of USACE proceeding with its General Investigation of coastal flood risk to the San Francisco waterfront (Study Area). This General Investigation will lead to the completion of a Feasibility Report, which in turn will become the guiding document that lays out options, constraints, environmental impacts, and implications for national economic development, and serve as the basis for establishing the federal interest (or lack thereof) for USACE-sponsored flood risk reduction improvements (San Francisco Waterfront Storm Risk Management Project, or Project). Unlike the Port's current Continuing Authorities Program Section 103 seawall project with USACE, which restricts the resulting project to a maximum of \$15 million in cost, projects authorized through the General Investigation (GI) process have no such limitation.

BACKGROUND

On December 12, 2012, the Port made its first request of USACE for assistance with the Embarcadero Seawall under its Continuing Authorities Program, Section 103 (CAP

THIS PRINT COVERS CALENDAR ITEM NO. 13A

103), which authorizes USACE to construct small flood risk management projects to assist waterfront communities, up to a maximum of \$15 million. USACE completed an initial study and assessment of federal interest in constructing improvements to portions of the Seawall.

On November 21, 2016, USACE issued the Federal Interest Determination (FID) Report for the CAP 103 project. This report was a preliminary analysis of coastal flood risk to the Port and City assets in the vicinity of the Study Area, and the report's conclusion was that there appeared to be strong Federal Interest in a future project to reduce the risks associated with coastal flooding. The FID also noted that, due to the statutory limitation on the total allowable cost of a project under the Continuing Authorities Program, the Port should also consider pursuing a study and project under the USACE General Investigation program.

On June 7, 2018, USACE awarded San Francisco a "new start" study appropriation to commence a GI feasibility study, which would consider and recommend potential project alternatives that would reduce coastal flood risk along the San Francisco waterfront. Following the completion of the GI feasibility report, if a project were recommended and approved for implementation, the federal government would pay for approximately two-thirds of the cost of construction, and the Port would pay for approximately one-third of the cost. New start appropriations are exceedingly scarce, with only two flood risk management new starts awarded this year across the entire nation; last year, no new starts were awarded.

On July 25, 2018, Lieutenant General (LTG) Todd Semonite, commanding officer of all of USACE, visited the Port and participated in a briefing and walking tour with Port project staff. This tour was followed by a dinner event with the General and some of his staff. Port and USACE leadership discussed all aspects of the Seawall, from broad political aspects to detailed engineering solutions. Both USACE and Port staff consider the visit to have been highly successful. The ultimate endorsement and approval of the Feasibility Report, and of the project that the report recommends for construction, is a "Chief's Report", which would be transmitted to Congress for authorization in a future Water Resources Development Act. LTG Semonite, as the Chief of Engineers in USACE, would be the Chief executing that study.

Whereas the prior CAP 103 project was very limited in geographic scope and project scale, the scope of the GI is more broadly characterized as "the San Francisco waterfront", referencing the City's bay waterfront from the Golden Gate Bridge to the San Mateo County line, including the Port's 7 ½ miles of waterfront property. The final geographic scope of the GI study will be determined along with the Project scope in the first phase of USACE's analysis, within approximately 6 months after execution of the FCSA. Parts of the Study Area are subject to regular flooding during King Tides, and is currently at risk of significant flooding during 100-year storm events. Lower lying sections of the waterfront are especially vulnerable, and several of these sections are in close proximity to City areas that house a myriad of vital City uses, including dense residential and commercial activity, and key transportation nodes. Flood risk along the waterfront is expected to increase significantly over time as mean sea level rises.

The Study Area includes the following flood-prone areas of the Port:

- The zone south of the Ferry Building to Pier 14, touching the Embarcadero, where frequent and visible flooding impacts pedestrian and vehicular traffic which will begin to threaten the Embarcadero BART/MUNI complex as sea level rises in the future;
- Mission Creek, including the surrounding South Beach and Mission Bay neighborhoods, where flood hazard mapping indicates significant exposure risk to public infrastructure and adjacent private development; and
- Islais Creek, including low-lying industrial areas and flood-prone portions of the Piers 80-96 maritime industrial complex.

Given that the GI program is larger in scope than the CAP103 program, upon execution of the FCSA, USACE and the Port will suspend work on the CAP103 project in order to focus on efficiently completing the GI feasibility study. Much of the work that was completed or underway as part of the CAP 103 project is relevant and useful for the GI study.

In general, the scope of the proposed feasibility study will build off the Port and Port consultants' work on civil design and architecture, civil engineering such as structural and surveying, preliminary project cost estimating, and public outreach. The Corps will lead study efforts such as plan formulation, economics, floodplain and mapping/hydraulics. Detailed apportionment of costs across these areas and schedules are currently unknowable, and will be revealed over time as the study proceeds following execution of the FCSA.

FEASIBILITY COST SHARING AGREEMENT

The Feasibility Cost Sharing Agreement (FCSA) form attached to this report as Exhibit 1 is the USACE national boilerplate contract for all flood risk management General Investigation projects. The proposed FCSA has the following key elements:

- It requires the Port as non-federal sponsor for study of the waterfront to share in the cost of the Feasibility Study with USACE at a ratio of 50/50, subject to the appropriation of funds;
- The Port is required to provide an initial \$25,000 contribution to USACE within 15 days of executing the FCSA towards the Port's 50% Project funding contribution;
- The Port is allowed in-kind credit for certain services rendered in furtherance of the study, in coordination with USACE;
- The FCSA allows USACE to proceed with a Feasibility Study with a total budget of up to \$3 million, the standard maximum allowable study cost under the Corps General Investigation program; and

- The FCSA recites the standard allowable time of 36 months for completion of the study.

The proposed FCSA is substantially similar to the FCSAs the Port Commission approved in 2013 and 2016 for the Central Basin CAP 107 and CAP103 seawall projects, respectively.

BUDGET AND SCHEDULE

USACE estimates the total study cost to be \$3 million, which obligates the Port as non-federal sponsor to contribute 50% of this amount, or \$1.5 million over three years. Importantly, the Port will be able to meet a portion of its financial obligation through in-kind contributions which will likely include analysis and information developed through the Seawall Earthquake Safety Program Planning, Engineering, and Environmental Services contract.

USACE has allocated \$500,000 in federal fiscal year 2018 funding to commence the proposed Feasibility Study, premised upon the Port's contribution as the local sponsor. USACE further anticipates a budget of an additional \$1 million in federal funding for federal fiscal years 2019 and 2020, at which time the project team anticipates completing a draft of the final decision document, the Feasibility Report.

Port staff request Port Commission authorization to expend funds from 12672 - Seawall & Marginal Wharf Repair, which is required of the Port as local sponsor, for contribution to the costs of the feasibility study. The Port recently won \$5 million in funding in the FY 2018-19 State of California budget for the Seawall Earthquake Safety Program and shoreline protection through a grant from the Department of Natural Resources which will be the primary source of the Port's local match.

In the event that the federal costs for the Feasibility Study exceed the \$3 million estimate, and the Port is required to provide funding or in-kind contribution in excess of the \$1.5 million match authorized by the attached resolution, Port staff will return to the Port Commission for direction.

REQUESTED AUTHORIZATION

Port staff seeks authorization from the Port Commission for the Executive Director to enter into a FCSA with USACE for the San Francisco Waterfront Storm Risk Management Project upon the terms and conditions recited in this staff memorandum and in a form approved by the City Attorney.

Prepared by: Daley Dunham, Special Projects Manager

For: Brad Benson, Director of Special Projects

Exhibit 1: Feasibility Cost Sharing Agreement

**POR T COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

RESOLUTION NO. 18-46

- WHEREAS, The San Francisco Seawall was constructed more than a century ago and serves as the foundation for more than three miles of San Francisco waterfront, supporting historic piers, wharves, and buildings including the Ferry Building, and underpinning the Embarcadero Promenade which welcomes millions of people each year, serves as a critical emergency response and recovery area, and supports BART, Muni and ferry transportation and utility networks; and
- WHEREAS, The Seawall requires significant improvements to survive the next major earthquake and to address increasing flood risk from sea level rise and climate change; and
- WHEREAS, Pursuant to the River and Harbor Act of 1962, the United States Army Corps of Engineers (USACE) is authorized to construct flood protection projects to assist waterfront communities; and
- WHEREAS, On June 7, 2018, USACE awarded the City and County of San Francisco a “new start” study appropriation to commence a General Investigation (GI) feasibility study to examine the Federal interest of possible improvements to reduce flood risk along the San Francisco waterfront (the San Francisco Waterfront Storm Risk Management Project, or Project), as elaborated in the accompanying staff report dated August 9, 2018 (“Staff Memorandum”); and
- WHEREAS, USACE and the Port staff have identified civil design and architecture, civil engineering such as structural analysis and surveying, preliminary project cost estimating, public outreach, plan formulation, economics, hydraulics, floodplain mapping and other work associated with investigation of possible solutions for flood risk reduction at San Francisco’s waterfront as appropriate for possible in-kind contributions to the Project, subject to approval by USACE; and
- WHEREAS, USACE anticipates completion of the Project within three years at a cost of \$3 million, subject to the Federal appropriation process; and

- WHEREAS, The end result of the Project would be a report signed by the USACE Chief of Engineers, which would be submitted to Congress for potential authorization of future Federal appropriations in the next Water Resources Development Act; and
- WHEREAS, USACE has budgeted up to \$500,000 for federal Fiscal Year 2018, and will need to appropriate \$1 million during federal Fiscal Years 2019 and 2020 to complete the Project subject to funding in the USACE annual budget, for a total anticipated amount of federal funding of \$1,500,000 for the Project; and
- WHEREAS, USACE currently estimates the Chief of Engineer's Report would be completed in the fall of 2021; and
- WHEREAS, To proceed with the Project, USACE requires the Port, as local sponsor, to enter into a Feasibility Cost Sharing Agreement (FCSA), substantially in the form of attached as Exhibit 1, which memorializes USACE's and the Port's respective obligations and cost contributions; and
- WHEREAS, The FCSA required by USACE includes equal cost contributions from USACE and the Port at 50% each towards the total estimated cost of \$3,000,000 for the Project, subject to local and federal appropriation, prior to any design and implementation; and
- WHEREAS, The Port's 50% cost share is therefore estimated to be up to \$1,500,000 before possible credit for the Port's in-kind contributions; and
- WHEREAS, Under FCSA provisions, the Port may elect to provide its cost match contribution earlier than federal appropriations to the Project; and
- WHEREAS, The Port has funds allocated in its Seawall Resiliency Project, 12672 - Seawall & Marginal Wharf Repair, to provide the required cost matching contribution, where the mix of cash and credit for in-kind services will be determined by the Port and USACE following execution of the FCSA; now, therefore, be it
- RESOLVED, That the Port Commission hereby authorizes the Executive Director to enter into a new FCSA with USACE with a local match not exceeding \$1,500,000 in Port funds or in-kind contributions as the Port's cost share contribution and with a three year term, as described in the accompanying staff report and in such form as approved by the City Attorney, that would allow USACE to complete the proposed San Francisco Waterfront Storm Risk Management Project; and be it further

RESOLVED, That the Port Commission hereby authorizes the Executive Director to execute any documents required for the implementation of the FCSA, including any letters of intent, amendments, augmentations or extensions thereof necessary to implement the transaction contemplated by the FCSA which, when taken as a whole, the Executive Director determines in consultation with the City Attorney, are in the best interests of the Port, and do not materially decrease the benefits or materially increase the obligations or liabilities of the Port, and are necessary or advisable to complete the transaction that the FCSA contemplates.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of August 14, 2018.

Secretary