



MEMORANDUM

May 8, 2020

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

FROM: Michael Martin DocuSigned by:
Acting Executive Director *Michael Martin*
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SUBJECT: Informational presentation regarding the United States Army Corps of Engineers (USACE) San Francisco Waterfront Flood Resiliency Study (formerly the San Francisco Storm Risk Management Study) and an upcoming request for authorization to amend the Feasibility Cost Sharing Agreement (FCSA) with the USACE San Francisco District dated September 5, 2018 for the San Francisco Waterfront Flood Resiliency Study

DIRECTOR'S RECOMMENDATION: Information only

EXECUTIVE SUMMARY

Since Port Resilience Program staff last presented at the Port Commission on September 29, 2019, staff has been hard at work with USACE staff defining the scope of the San Francisco Waterfront Flood Resiliency Study (Flood Resiliency Study, or Project) and conducting detailed flood risk analysis.

This staff report:

- Summarizes the entire study process, which is expected to take 5 years to complete;

THIS PRINT COVERS CALENDAR ITEM NO. 10A

- Identifies when staff will seek Port Commission direction on the important policies, flood risk management strategies and urban design considerations that are on the horizon; and
- Describes the need for an amendment to the governing agreement between the Port and USACE that authorizes the Project, for which Port staff will seek Port Commission approval at a future meeting.

STRATEGIC OBJECTIVES

The Port's Waterfront Resilience Program supports the goals of the Port's Strategic Plan as follows:

Engagement

By leading an inclusive stakeholder process to develop a shared vision, goals, and principles for the Embarcadero Seawall Program and Flood Study.

Livability

By increasing the proportion of funds spent by the Port on contract services performed by LBE firms.

Resiliency

By leading the City's efforts to address threats from earthquakes and flood risk through research and infrastructure improvements to the Embarcadero Seawall and adjoining buildings and other infrastructure.

Sustainability

By enhancing the quality of the Bay water and habitat with the improvements, by limiting construction impacts and waste, and by sustainable design and construction best management practices.

Financial Stability

By supporting the Flood Study which has the potential to generate significant federal funding.

USACE FLOOD RESILIENCY STUDY OVERVIEW

On June 7, 2018, USACE awarded San Francisco a "new start" study appropriation to commence a General Investigation (GI) feasibility study, which would consider and recommend potential project alternatives that would reduce coastal flood risk along the San Francisco waterfront (the San Francisco Waterfront Flood Resiliency Study, Flood Resiliency Study, Feasibility Report or Project).

As authorized by Port Commission Resolution No. 18-46, the Port and USACE entered into an FCSA to partner in a study to analyze current flood risks, project future without project conditions, and identify flood risk mitigation options that could meet current and future needs, while considering sea level rise. The Port is considered the Non-Federal

Sponsor for this study and the study area includes 7.5 miles of waterfront owned and managed by the Port. The study is conducted to identify, evaluate, and recommend an appropriate, implementable Flood Risk Mitigation Program for federal interest and to inform a federal investment decision based on a benefit cost ratio. The Project will result in an Integrated Feasibility Study and NEPA document.

The Project follows the USACE planning process under a 3x3x3 rule, which requires that USACE feasibility studies be completed within a target timeline of 3 years, at a total study cost of no more than \$3 million, and engaging 3 levels of USACE review (District, Division, and Headquarters). The Project Delivery Team, comprised of USACE and Port staff, has recommended an exemption from the 3x3x3 rule for the USACE Flood Study. If the Port Commission concurs with this recommendation and approves the attached Resolution, Port staff expects the exemption to be submitted to the Assistant Secretary of the Army for Civil Works for approval in August 2020. If approved, the exemption would enable USACE to expend additional funds and schedule, which is needed due to the complexity of our study needs. Because of the time elapsed since the last Port Commission update regarding the Flood Study, the following is a review of the Port-USACE agreement as to their working relationship under the FCSA.

The USACE process includes the following milestones within the planning process, assuming a 3x3x3 waiver is approved and the Port Commission approves the attached resolution:

Table 1: USACE Flood Resiliency Study Milestones		
Study Milestone	Explanation	Projected Date
Future without Project (No Action)	Analysis of flood risks and consequences to the Port and City without a Federal project	June 2020
Focused Array	The first detailed set of flood mitigation options for public and policymaker review	July 2020
Final Array, including National Economic Development (NED) Plan Locally Preferred Plan (LPP)	The final detailed set of flood mitigation options for the public and policymakers to review, including: <ul style="list-style-type: none"> • The NED is the plan that maximizes the net economic benefits within the Federal interest that meets study objectives • The LPP is the Non-Federal Sponsor's plan that meets study objectives 	October 2020-June 2021
Notice of Intent – National Environmental Policy Act (NEPA)	Start of Federal environmental review	December 2020
Tentatively Selected Plan	The Tentatively Selected Plan is either the NED or the LPP, as agreed by USACE and the Non-Federal Sponsor	December 2021
Agency Decision Milestone	USACE endorsement of TSP following public, technical, legal, and policy review of the integrated draft report and NEPA document	June 2022
Draft Feasibility Report and Environmental Impact Statement	Federal environmental review is complete	March 2023
Feasibility Report to Congress	Recommendation and Federal interest finding to Congress	December 2023

Much like the Embarcadero Seawall Program, USACE uses a planning process that relies on scoping, vulnerability and risk assessment, alternatives development, alternatives evaluation and comparison. Alternatives development and evaluation is an iterative process, with several key milestones that provide for quality control checks and public and policy input. Alternative Plans are carried forward at each iteration to a higher level of detail, ultimately leading to the identification of the National Economic Development Plan and the Locally Preferred Plan.

A key step in the USACE planning process is when the Project Delivery Team completes the Future Without Project (No Action) scenario, which identifies flooding and economic damage and disruption conditions if no actions are taken, under a range of sea level rise projections. The Future Without Project (No Action) scenario establishes the baseline for the Federal Benefit-Cost Ratio analysis and is used to determine the potential flood damages that a Federal Project will avoid. The Benefit-Cost Ratio compares those benefits of a project – avoided flood damages – with the cost to implement the project. The study uses a base year of 2040 and considers a 50-year study period to 2090.

USACE utilizes four “accounts”, or metrics, to classify the impacts of flooding and guide the development and evaluation of alternatives, the primary driver of which is the National Economic Development account (NED) which examines changes in the national output of goods and services. Benefits used in determination of the Benefit-Cost Ratio are calculated by taking the difference between NED damages assuming no project is implemented and comparing it with the NED damages expected to occur with an implemented plan. The Future Without Project Scenario NED damages will be the primary metric by which flood protection Alternative Plans will be compared, screened and ultimately selected, under Federal guidelines. Other USACE accounts include the Regional Economic Development (RED), Environmental Quality (EQ), and Other Social Effects (OSE), which are used to communicate damages that would not qualify under the NED, and as tie breakers and to assist with evaluation of local preferences. Each account is described below:

- **Environmental Quality (EQ) account** – displays non-monetary effects on ecological, cultural, and aesthetic resources including the positive and adverse effects of ecosystem restoration plans.
- **Regional Economic Development (RED) account** – displays monetary value of changes in the distribution of regional economic activity (e.g., income and employment).
- **Other Social Effects (OSE) account** – displays plan effects on social aspects such as community impacts, health and safety, displacement, energy conservation, and others. Life safety risk analyses are displayed in this account. Where possible, OSE effects are displayed in monetary values.

Seismic damages avoided through a Federal flood risk management project can also be recognized as “incidental” benefits, thus requiring quantification of potential seismic damage during the phase of the Flood Study that analyzes the Future Without Project Scenario. Under existing USACE rules, seismic benefits associated with a flood protection plan qualify as “incidental” additions to the NED benefits once a minimum benefit-cost ratio of 0.5 for flood risk mitigation is met by a proposed plan¹.

The USACE/Port Project Delivery Team, in consultation with the Port Commission, will develop subarea-scale problems, opportunities, objectives, constraints, and considerations (POOCCs) for each of the neighborhoods and reaches in the Study area. These POOCCs align well with the Vision, Principles and Goals and criteria staff has developed for the Waterfront Resilience Program. Port/USACE staff use this information to develop evaluation/screening criteria to ensure that the Alternative Plans address the key issues in each area. The Project Delivery Team will review, revise and refine the POOCCs during each iteration. The Project Delivery Team will develop and

¹ The Port is seeking an act of Congress along with other interested jurisdictions to allow federal flood management projects in seismic risk zones to count seismic risk reduction to achieve the initial 0.5 benefit-cost ratio.

evaluate Alternative Plans using screening and evaluation criteria that are subject to public and Port Commission maker input. The Project Delivery Team will then compare Alternative Plans, and recommend which Alternative Plans advance for further development, refinement, screening, evaluation, and comparison.

During the course of Summer 2020, the Project Delivery Team will identify a “Focused Array” of Alternative Plans. In this process, the Project Delivery Team will identify a more robust suite of potential flood risk mitigation measures, develop and review subarea POOCs, and articulate the flood risk thresholds and tipping points within each subarea. As the Project Delivery Team develops this information, this information will better inform subarea-scale Alternative Plans.

Commencing in Fall 2020 and through Summer 2021, the Project Delivery Team will develop a Final Array of Alternatives, which will be informed by the following efforts:

- the Envision process;
- Seismic risk reduction measures developed through the Seawall Program’s Strengthen effort;
- Flood performance criteria, including water levels in 2090; an adaptation design framework;
- NEPA scoping and engagement with the Resource Agency Working Group (RAWG); and
- The Interagency Coordination Team (which includes City department and BART staff), the Senior Executive Committee, and the community.

Project Delivery staff assume that the Final Array of Alternative Plans will include 3-5 Alternative Plans.

The Project Delivery Team will evaluate the Final Array of alternatives and present them to the Port Commission. Project Delivery staff will prepare conceptual designs for each Alternative Plan, identifying subarea specific features to allow for increased certainty during cost estimating, assessing risk reduction and residual risk, evaluating environmental effects, and comparing Alternative Plans to the No Action scenario to determine Plan benefits.

In the Final Array, USACE will identify the National Economic Development (NED) Plan, which is the Plan that reduces flood risk and meets Study goals with the best Benefit-Cost Ratio. At the same time, the Port Commission may identify a Locally Preferred Plan, which must also meet Study goals, but may be more costly. The cost of the National Economic Development Plan is used as a benchmark for federal contribution; if the Locally Preferred Plan is selected as the Tentatively Selected Plan, the Port and City must pay any increased costs compared to the National Economic Development Plan.

After the Final Array is determined, the Project Delivery Team, under direction from the Port Commission and USACE chain of command, will determine the Tentatively

Selected Plan. The Tentatively Selected Plan will be either the National Economic Development Plan or the Locally Preferred Plan. The Tentatively Selected Plan will be presented to USACE at the Tentatively Selected Plan Milestone meeting for approval and permission to complete and release the Draft Integrated Feasibility Report and NEPA documents for public, agency, technical, and independent peer review. The current schedule targets December 2021 for the identification of the Tentatively Selected Plan in the Study.

In the Embarcadero Seawall Program, staff expects that the Port Commission will select Phase 1 projects (funded by Proposition A) to undergo environmental review by early 2021. To the extent these Phase 1 projects include robust flood risk mitigation strategies and are later deemed to be part of the Tentatively Selected Plan, they may provide additional benefits in the USACE process. Congress has established a mechanism whereby a Non-Federal Sponsor (such as the Port of San Francisco in this instance) can fund and construct parts of a Tentatively Selected Plan and receive later matching credit if Congress subsequently authorizes the Project.

NEPA compliance is an important aspect of the Feasibility Study. A Notice of Intent will be published in the Federal Register to formally begin the NEPA process, which is required to be completed within a two-year timeframe. The NEPA process will evaluate the Tentatively Selected Plan.

The Project Delivery Team and USACE will present the Tentatively Selected Plan to Senior USACE Leadership. With confirmation, this plan becomes the agency recommended plan that will be advanced for both engineering design and cost estimation sufficient to complete the feasibility study report and respond to comments on the draft feasibility study report.

The submittal of the complete final report and NEPA document package to USACE Headquarters initiates a series of Washington-level actions that would ideally culminate in the authorization of the recommended project. The feasibility study is complete with the signature of the Chief's Report. The Chief's Report outlines the findings of the Corps of Engineers, the cost of the recommended plan, cost-sharing requirements, the Chief's recommendation for project authorization, and the required items of cooperation from the non-federal sponsor.

The Office of the Assistant Secretary of the Army (Civil Works) reviews the final Feasibility Report and NEPA document for conformance to Administration policies. The Assistant Secretary of the Army also sends the report to the Office of Management and Budget (OMB) to review for conformance with the President's policies and priorities. The Assistant Secretary of the Army transmits the final feasibility report and NEPA document, Chief of Engineers Report, and OMB's views to Congress. Port staff currently anticipates this step in late 2023. The Project would then be in the hands of Congress for a vote to authorize the Project.

PUBLIC ENGAGEMENT

The Port has developed an extensive communications and engagement approach for the Waterfront Resilience Program that encourages participation from the public, Port divisions, City departments and public agencies, regional, state, and federal resource and regulatory agencies, and the non-profit, education, and private sectors. The Port has conducted many public meetings, informational presentations, and interactive meetings to obtain public input. The Port has also coordinated a Resource Agency Working Group and an Interagency Coordination Team to facilitate engagement and receive input.

The Waterfront Resilience Program has continued to successfully engage the public via a series of pre-COVID-19 in-person community meetings along the waterfront, targeted stakeholder conversations via more casual neighborhood “mixers,” and presentations at community-based organization meetings, as well as digital engagement and outreach to engage a broader citywide audience. Some highlights of the past few months include:

- On December 11, 2019, the Port of San Francisco hosted the fifth in a series of community meetings for the Embarcadero Seawall segment of the WRP at the Exploratorium’s Fisher Bay Observatory Gallery. The meeting introduced the Multi-Hazard Risk Assessment (MHRA), provided Program updates, including work with the Army Corps, and engaged the public in small discussions on MHRA topics and methodology. 100+ people attended and provided feedback.
- On January 30, 2020, the Port of San Francisco, U.S. Army Corps of Engineers, San Francisco Planning, and San Francisco Municipal Transportation Agency hosted the third in a series of community meetings for the southern waterfront segment of the WRP at the Southeast Community Facility, with 55+ people in attendance. Much of the meeting focused on breakout tables with Port, Planning, and consultant staff facilitating discussions on draft Program goals for the southern waterfront.
- On March 4, 2020, the Port of San Francisco hosted a “mixer” at Port Tenant ATWater Tavern for the Mission Bay segment of the WRP, with 30+ people in attendance. Brief opening remarks were followed by an asset mapping activity with Port staff available for conversations with tenants and community members.

Now that shelter in place orders have paused all in-person community and stakeholder engagement, the team is expanding digital engagement, including some creative and fun ways of reaching new audiences:

- We have created a family fun webpage on <https://www.sfportresilience.com/for-families>, that is being pushed on social media and shared with city partners.
- We have increased social media education about the Port and WRP with “Trivia Tuesdays” and other posts.

- We have created a digital curriculum for kids to be piloted in May with 826 Valencia’s Mission Bay Center.
- We are creating a WRP digital waterfront-wide walking tour.
- We continue to connect and update the community via the WRP newsletter.

Upcoming stakeholder engagement will include creative ways to share MHRA findings, seismic and flood measures under development, and the NEPA process. The team is developing digital engagement opportunities and virtual events around these topics to hear feedback from the community and plan in-person events once it is safe.

CURRENT FLOOD STUDY STATUS

Flood Modeling

The Port has been working with the USACE hydrologic, hydraulics and coastal experts to ensure that the flood modeling most accurately represents current and future conditions in accordance with federal policies. Port staff, in consultation with City and regional public agency partners, has produced a detailed inventory of public and private assets and infrastructure in the floodplains for a range of sea level rise scenarios. We have collaborated with USACE to ensure that flood risks are modeled for a range of sea level rise scenarios, with results expected in June 2020.

The flood hazard is a direct input to the USACE economic damage model and provides the depth of water at a given asset location to determine expected physical damage. With the USACE economic model, the flood hazard is broken into individual contributing elements, such as tidal, storm surge, wave action, and El Nino, which are all associated with their own probabilities of occurrence. The Port team has played a key role in understanding how wave action will contribute to future flooding.

Sea level rise scenarios are added to the above listed contributing flood elements. For the purpose of establishing the Future Without Project damages, the Study will evaluate five different sea level rise scenarios, three of which are directly from USACE guidance and two which are derived from state and local guidance. The sea level rise scenarios for 2090 and 2140 are as follows:

Table 2: Sea Level Rise Curves		
Scenario	2090 Increase (ft)	2140 Increase (ft)
USACE Low Curve	0.6	0.9
USACE Intermediate Curve	1.4	2.9
USACE High Curve	4.1	9.0
2018 OPC Likely	2.9	6.2
2018 OPC 1:200 Chance	5.6	13.1

The USACE economic damage model is a life cycle Monte Carlo simulation model, which utilizes the inputs described above to estimate flood damages to the Port and City

occurring over the 50-year period of analysis (starting 2040, ending 2090). This simulation is done for each of the sea level rise scenarios, such that the relative impact of sea level rise on economic damages and residual risk can be addressed through evaluation of the results.

Alternatives Formulation – Focused Array

At the very beginning of the Study process, the Port/USACE team produced an Initial Array of Alternatives. The theme for this work was lines of defense – very high-level conceptual options for where flooding could be addressed.

With the more detailed knowledge of the Port's waterfront and nearby public and private assets, the flood damages we can expect under different sea level rise scenarios, and feedback from community meetings about what the public values and cherishes about different areas of the waterfront, the Port/USACE team is embarking on the effort to develop more detailed flood risk management alternatives better suited to each subarea.

The Port/USACE team will develop this iteration of plan formulation - Focused Array - by July 2020 in parallel with development by USACE of the Future Without Project Scenario (No Action Scenario). The primary purpose of this round of plan formulation is to review, revise, and refine the problems, objectives, opportunities, constraints and considerations (POOCCs) that guide the Study and alternatives formulation effort.

During this planning effort, staff will examine a broad list of flood mitigation measures, develop measure fact sheets, develop subarea-specific POOCS and knit together alternatives for the Port Commission and the public to review.

UPCOMING POLICY DIALOGUE WITH THE PORT COMMISSION

Staff is eager to obtain policy advice and direction from the Port Commission as we move from the technical analysis of flood risk to developing alternatives for further study that, if implemented, could alter the Port's property and shoreline.

Later this summer, staff intends to return to the Port Commission to share results of the Future Without Project (No Action) Scenario (flood damages from 2040-2090) and seek Commission feedback regarding the Focused Array of Alternatives. We will likewise be seeking feedback from our City Department partners and the USACE vertical chain of command during this period, with a meeting of the Flood Study Senior Executive Committee.

We will continue to assess the best methods for public engagement during the COVID-19 crisis. We welcome the participation of officers and individual Commissioners in the public process as we seek feedback from all of our interested stakeholders.

LOCAL BUSINESS ENTERPRISE (LBE) PARTICIPATION

The CH2M Planning and Engineering Contract (PEC Contract) is the vehicle through which the Port is producing work in-kind to support the Flood Resiliency Study.

For the original PEC contract, CH2M committed to a LBE subcontracting participation goal of 21% of the contract value (\$7,647,985 of \$36,349,740), which was incorporated in the contract requirements. The contract amendment increased the LBE subcontracting participation to 23% of the contract value (\$12,723,207 of \$55,584,131).

The current Phase I LBE participation is 17% of the total tasks authorized to date.

Since the Port Commission amendment approval in September 2019, the Port has issued \$5,597,745 in new task authorizations of which 33% was committed to LBE subconsultants (\$1,827,138). In that same time period, the Port has been invoiced for \$2,616,615 of which 23% was for professional services by LBE subconsultants (\$991,523).

USACE work-in-kind has the following LBE participation: of \$2,051,515 authorized to date, 32% has been committed to LBE firms.

FEASIBILITY COST SHARING AGREEMENT BACKGROUND

The ultimate endorsement and approval of the Feasibility Report, and any recommended project for construction, would be a "Chief's Report," and transmitted to Congress for authorization in a future Water Resources Development Act. As the current Chief Engineer of USACE, Lieutenant General Todd Semonite would execute that study.

On August 14, 2018, the Port Commission authorized the Executive Director to enter into a Feasibility Cost Sharing Agreement (FCSA) with the USACE for study of coastal flood resilience on the San Francisco waterfront under the USACE General Investigation program². That agreement, executed on September 5, 2018 contains the following key elements:

- It requires the Port as non-Federal sponsor to share in the cost of the Flood Resiliency Study with USACE at a ratio of 50/50, subject to the appropriation of funds by either entity;
- 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;

² The staff report for this item can be found at:

<https://sfport.com/file/33969>

- The Port is allowed in-kind credit for certain services rendered in furtherance of the GI 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 USACE General Investigation program; and
- The FCSA recites the standard allowable time of 36 months for completion of the Flood Resilience Study.

INCREASE IN FEDERAL FUNDING

As described above, the FCSA contemplated a total Project cost of \$3 million, obligating the Port as non-federal sponsor to contribute 50% of this amount, or \$1.5 million over three years. However, in the time since that agreement was executed Port and USACE staff members together have determined that the Project cannot be completed under the traditional schedule and budget for a General Investigation.

As described in the August 19, 2019 Port Commission staff report³, the USACE Project Delivery Team, including Port staff, has proposed a \$20.3 million Flood Resiliency Study cost with a five-year study length. The reasons for this increase are:

- The Port of San Francisco's San Francisco Bay shoreline is a complicated urban shoreline, with significant public and private investment in the near-shore area, including over water;
- Multiple City, regional and private agencies own and operate utility and transportation infrastructure along the shoreline, including key assets that are exposed to potential flooding and sea level rise, such as the Embarcadero MUNI Tunnel;
- The Study area includes 3 historic districts: the Embarcadero Historic District, which includes the Ferry Building, the Agriculture Building and finger piers from Pier 45 in Fisherman's Wharf to Pier 48 in Mission Bay; the Union Iron Works Historic District in Pier 70; and San Francisco Maritime National Historical Park, including Aquatic Park under the jurisdiction of the National Park Service; and
- Developing flood risk management projects for such a dense, extended urban shoreline is a complicated and nuanced effort that requires significant public and stakeholder outreach, detailed analysis of flood damages under a range of sea

³The staff report for this item can be found at:

<https://sfport.com/file/40823>

level rise scenarios and an alternatives formulation process that respects existing public and private investments and historic resources.

USACE has drafted a waiver request to allow the FCSA cost limit to increase from \$3 million to \$20.3 million. Of the proposed \$20.3 million, \$200,000 of the requested amount is federal-only, not cost-shared, resulting in the Port’s 50% share totaling \$10.05 million. Additionally, the period of the study would be extended from three years to five years. These proposed revisions to the FCSA have yet to undergo final review by USACE, so they are subject to change. In August 2020, USACE intends to start the process for seeking approval from the Assistant Secretary of the Army for this waiver. USACE staff anticipates formal approval of the proposed revisions by the end of December 2020.

It is important to note that the increase in the Project budget would occur in two steps: first, from \$3 million to \$6 million, based on the new federal appropriations described below, and second, through a waiver approved by the U.S. Assistant Secretary of the Army.

The Federal government appropriated \$500,000 to the Project in FY 2018, which the Port matched with a \$500,000 payment in September 2018. Subsequently, the Federal government appropriated \$200,000 to the Project in FY 2019, which the Port matched with a \$200,000 payment in November 2019.

On February 10, 2020, USACE released its final budget for FY 2020, which included \$800,000 originally included in the President’s Budget and the FY 2020 appropriations bill, and an additional \$1.5 million in USACE Work Plan funding, totaling \$2.3 million in FY 2020 funding for the Project. Accordingly, counting the \$700,000 in federal funds previously appropriated, the Project has now received total federal appropriations of \$3 million. This is the maximum federal commitment to a Feasibility Study without an exemption approved by the Assistant Secretary of the Army for Civil Works. Table 1 below shows current federal and Port contributions to the Project.

Fiscal Year (1)	Federal Appropriations	Port of San Francisco Contributions
FY 2018	\$500,000	\$500,000 (cash – 9/18)
FY 2019	\$200,000	\$200,000 (cash – 11/19)
FY 2020	\$2,300,000	<i>Proposed</i> - \$2,100,000 (in-kind services and cash) (2)

(1) The federal fiscal year begins on October 1 and ends on September 30.

(2) The initial \$200,000 in FY 2020 federal funding for the Project is not subject to a local matching requirements.

In order to remain in 50/50% cost share balance with the Federal government, the Port must now identify \$2.1 million in cash or in-kind credit and seek Port Commission and Board of Supervisors authorization to amend the FCSA to increase the total Project costs from \$3 million to \$6 million. Based on Port Commission and Board of

Supervisors approvals to date, the Port currently has sufficient funding and contract capacity to provide in-kind services to meet the proposed \$2.1 million non-federal sponsor matching requirements.

The Port and the Controller's Office of Public Finance are coordinating on a schedule to issue the first series of bonds in May 2020 to support the Embarcadero Seawall Program and the Flood Resiliency Study, in an aggregate principal amount not to exceed \$50,000,000, as authorized under Port Commission Resolution 19-08⁴ and Board of Supervisors Resolution 324-19. This will provide key funding for the items below.

On September 24, 2019, the Port Commission approved Resolution 19-41⁵ which authorized Port staff to execute an amendment to the existing contract with CH2M Engineers, Inc., for planning, engineering, and environmental services for the Port's Waterfront Resilience Program (PEC Contract), which includes within it the Embarcadero Seawall Program. On November 27, 2019, the San Francisco Board of Supervisors approved Resolution 504-19 authorizing the Port Executive Director to execute Amendment No. 1 to the PEC Contract. This contract amendment included additional funding and consultant support for the Embarcadero Seawall Program, the Flood Resiliency Study and related activities. Port staff proposes to use the PEC Contract (up to a total of \$9.35 million) to provide in-kind services to match federal funding for the Project, as authorized under the FCSA.

The Port has funds allocated in its Seawall Resiliency Project, 12672 - Seawall & Marginal Wharf Repair, to pay for services under the PEC contract, for which the Port will receive credit as in-kind services under the proposed amendments to the FCSA.

At a future meeting, Port staff intends to request Port Commission approval of a resolution that would authorize the Executive Director to further amend the FCSA to increase the Project budget from \$6 million to \$20.3 million, extend the schedule from three to five years, and add a clause to the FCSA that would increase the Port's flexibility to make cash contributions to the project as the Non-Federal Sponsor, subject to appropriate federal approvals.

⁴ The staff report for this item can be found at:

<https://sfport.com/file/38658>

⁵ The staff report for this item can be found at:

<https://sfport.com/file/40914>

SUMMARY OF ANTICIPATED FCSA AMENDMENT REQUEST

First Amendment

Under the future proposed resolution, the FCSA would be first amended as follows:

A. As of the effective date of this Agreement, shared study costs are projected to be \$6,000,000, with the Government's share of such costs projected to be \$3,200,000 and the Non-Federal Sponsor's share of such costs projected to be \$2,800,000. These amounts are estimates only that are subject to adjustment by the Government and the Non-Federal Sponsor and are not to be construed as the total financial responsibilities of the Government and the Non-Federal Sponsor.

Second Amendment

Under the future proposed resolution, if the Port Commission and the Board of Supervisors approve and the Assistant Secretary of the Army approves the 3x3x3 waiver described in this report, and USACE approves, the FCSA would be amended as follows:

A. As of the effective date of this Agreement, shared study costs are projected to be \$20,300,000, with the Government's share of such costs projected to be \$10,250,000 and the Non-Federal Sponsor's share of such costs projected to be \$10,050,000. These amounts are estimates only that are subject to adjustment by the Government and the Non-Federal Sponsor and are not to be construed as the total financial responsibilities of the Government and the Non-Federal Sponsor.

This second amendment would also extend the schedule of the Project from 3 years to 5 years.

Accelerated Funds Clause

As part of the Second Amendment, Port staff also intends to seek authority to amend the FCSA to permit the Port, subject to the appropriation authority of the Port Commission and the Board of Supervisors, to make cash contributions to the Project. This flexibility would provide a mechanism to keep the Project going in the absence of federal appropriations.

If the Port Commission approves the addition of the *accelerated funds* clause, any future proposal to advance funding to USACE would be subject to approval from the Port Commission and the Board of Supervisors. In order to maintain 50/50% cost share

balance, utilizing this clause would also require a matching reduction in local work-in-kind spending to support the Flood Resiliency Study.

Including the language below in the FCSA requires approval of USACE San Francisco District.

In addition to providing the funds required by paragraph B. of this Article, the Non-Federal Sponsor may provide accelerated funds for immediate use of the Government. The Non-Federal Sponsor understands that use of accelerated funds shall not constitute any commitment by the Government to budget, or the Congress to appropriate, funds for this Study or to match any accelerated funds provided by the Non-Federal Sponsor; that any accelerated funds will be credited toward the Non-Federal Sponsor's cost share only to the extent matching Federal funds are provided; and that the Non-Federal Sponsor is not entitled to any repayment for any accelerated funds obligated by the Government even if the Study ultimately is not completed.

NEXT STEPS

Port staff and the USACE team which together comprise the Project Delivery Team is making significant progress with the Flood Resiliency Study. Port staff will incorporate direction received at the May 12, 2020 Port Commission meeting and return on May 26, 2020 to request approval of the resolution described above. In addition, Staff will work with the Executive Director to schedule an in-depth briefing about Project progress in this summer.

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