



- Board of Directors  
*Water Planning and Stewardship Committee*

11/18/2014 Board Meeting

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**8-7**

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## **Subject**

Approve agreement in principle to provide up to \$750,000 in funding for the Bacon Island Levee Rehabilitation Project in the Sacramento-San Joaquin Delta; authorize the execution of a cost-sharing agreement among participating urban water agencies

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## **Executive Summary**

A coalition that includes Reclamation District 2028 (Bacon Island), Metropolitan, and six other urban water agencies have submitted a grant application to the California Department of Water Resources (DWR) for a proposed levee rehabilitation project along Bacon Island in the central Delta. If approved, the grant would cover up to 95 percent of the \$10.527 million project cost, with the remaining funding provided by non-state sources. The non-state share allocated to Metropolitan would not exceed \$750,000, regardless of the amount of grant funding awarded by DWR. The project would result in a more stable levee along a portion of Bacon Island, enhanced flood protection, and an improved water supply conveyance corridor in the central Delta. The proposed project would benefit in-Delta, State Water Project, and Central Valley Project water supply reliability.

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## **Details**

### **Background**

Approximately 30 percent of the water supply used by Metropolitan's service area on average is State Water Project supply conveyed through the Sacramento-San Joaquin Delta. The delivery of that supply through the Delta is under the constant threat of levee failure within the Delta due to seismic events, flooding, sea-level rise, and levee instability. In 2004, a levee failure on Lower Jones Tract resulted in interrupted flows in the state and federal water projects.

In January 2012, Metropolitan and six other urban water agencies joined together to prepare a paper entitled "Urban Water Agencies Strategy for Delta Levees – List of Priority Levee Projects," which defined the levee rehabilitation projects that could provide water supply reliability benefits for all urban water agencies that receive water from supply that moves through the Delta levee channels or through pipeline infrastructure that crosses the Delta. The paper emphasized the importance of protecting water supply infrastructure during and following major seismic or flood events and the need to fortify levees supporting critical water conveyance. Bacon Island was included at the top of the list of proposed levee projects on the Old and Middle River freshwater corridor.

Since that time the water agencies have collaborated with Reclamation District No. 2028 (RD 2028) to identify proposed projects and develop sources of funding. In July 2014, a Concept Proposal Application for the Bacon Island Levee Rehabilitation Project (Old River) was submitted to the DWR for the 2014 Delta Levees Special Flood Control Projects Grant Solicitation Package for Multi-Benefit Projects. The agencies have been informed that the grant application has been accepted for further consideration.

If approved, the grant would cover up to 95 percent of the \$10.527 million project cost, with the remaining funding provided by non-state sources.

## Project Description

The proposed Bacon Island Levee Rehabilitation Project would consist of levee rehabilitation along a 4.7-mile stretch of levee along Old River ([Attachment 1 – Vicinity Map](#); [Attachment 2 – Project Map](#)). Engineering would be performed to develop a design cross section ([Attachment 3 – Cross Section Map](#)) that would sustainably meet, at a minimum, the state’s Hazard Mitigation Plan levee requirements. The Hazard Mitigation Plan levee requirements are a first step at improving levee stability and storm water overtopping. The proposed project would require engineering, planning, construction, and contract management.

The project would result in a more stable levee along a portion of Bacon Island, and an improvement to the conveyance corridor in the central Delta that the State Water Project depends upon. The risk of a levee failure in the rehabilitated segment will be reduced, thus reducing other associated risks to the water supply, such as the potential for salinity intrusion that could jeopardize the water supply for local in-Delta, State Water Project, and Central Valley Project export interests. This concept proposal is based on an estimated project cost of approximately \$10.527 million.

RD 2028 and the coalition of seven urban water agencies, including Metropolitan, have been collaborating to develop funding partnerships for the non-state share of the project. The Water Agency Coalition (Coalition) includes the following agencies: Alameda County Water District, Contra Costa Water District, East Bay Municipal Utility District, San Francisco Public Utilities Commission, Santa Clara Valley Water District, Zone 7 Water Agency, and Metropolitan. The agencies are currently working on development of a Memorandum of Understanding to define roles and responsibilities on the proposed project and finalize the allocation of the non-state cost share between the water agencies. While the details of the cost sharing are still being developed, the apportionment is based generally on water project contract allocations. In no event would the portion of the non-state share allocated to Metropolitan exceed \$750,000.

This proposed project is seen by staff as non-precedential. In effect, staff believes the proposed cost allocation is overly burdensome to Metropolitan and other more immediate beneficiaries are either not contributing or are under contributing. However, staff sees long-term benefits to improving Delta levees through cost-sharing principles and in demonstrating the ability of north and south water agencies working together. Accordingly, we recommend moving forward with this project as a “one time only” project.

The final grant application was submitted to DWR on September 16, 2014. If the project is not awarded a grant that covers at least 90 percent of the overall costs, the project would not go forward and no costs would be incurred. If the requisite grant funding is approved, Metropolitan would enter into a cost-sharing agreement with the other Coalition members, contingent on completion of any environmental review required under the California Environmental Quality Act. Based on the outcome of that review, the General Manager would then determine whether to provide funding for the project or instead to withdraw from the cost-sharing agreement altogether.

## Policy

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By Minute Item 45753, dated May 11, 2004, and Minute Item 46637, dated April 11, 2006, the Board adopted a set of Delta policy principles to ensure a solid foundation for development of future Metropolitan positions and to provide guidance to Metropolitan staff.

By Minute Item 47135, dated June 12, 2007, the Board supported, in principle, the proposed Delta Action Plan, as set forth in the letter signed by the General Manager.

## California Environmental Quality Act (CEQA)

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CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project at this time which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines). Prior to final authorization of funding for this project by the

General Manager, CEQA documentation will be prepared by the Lead Agency and reviewed and processed in accordance with CEQA and the State CEQA Guidelines.

The CEQA determination is: Determine that the proposed action is not defined as a project under CEQA pursuant to Section 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required.

## Board Options

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### Option #1

Adopt the CEQA determination that the proposed action is not defined as a project and authorize the General Manager, after compliance with CEQA requirements, to execute a cost-share agreement among the participating urban water agencies in accordance with the terms described above and in an amount not to exceed \$750,000 for the Bacon Island Levee Rehabilitation Project in the Sacramento-San Joaquin Delta.

**Fiscal Impact:** \$750,000

**Business Analysis:** The project would result in a more stable levee along a portion of Bacon Island, and an improvement to the water conveyance corridor in the central Delta.

### Option #2

Do not authorize execution of a cost-share agreement.

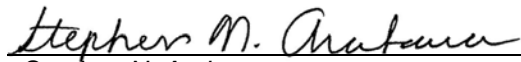
**Fiscal Impact:** \$0

**Business Analysis:** The proposed project to improve a portion of the Bacon Island levee along the conveyance corridor will not be implemented.

## Staff Recommendation

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Option #1

  
 Stephen N. Arakawa  
 Manager, Bay-Delta Initiatives

11/10/2014  
 Date

  
 Jeffrey Kightlinger  
 General Manager

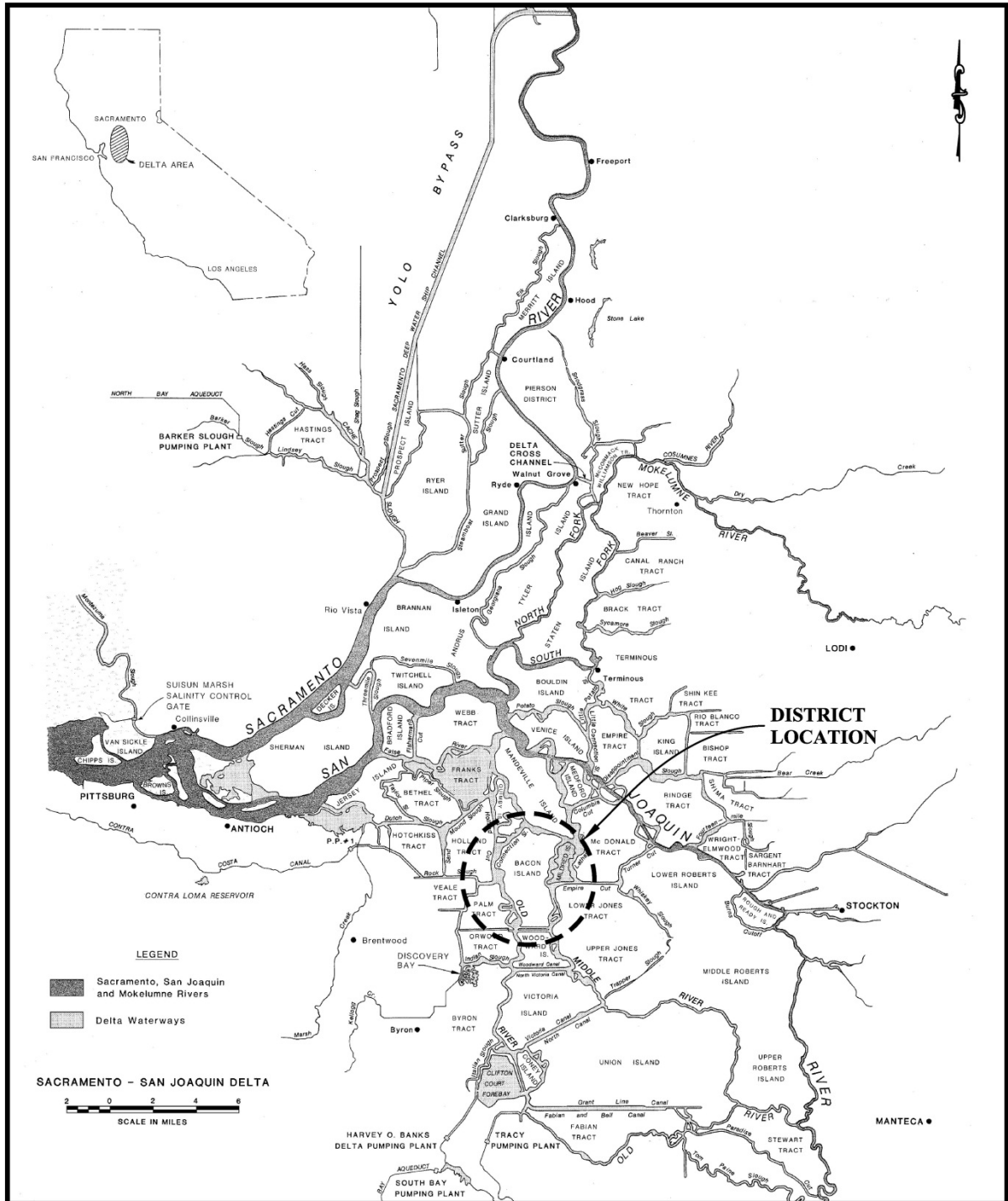
11/12/2014  
 Date

[Attachment 1 – Vicinity Map](#)

[Attachment 2 – Project Map](#)

[Attachment 3 – Typical Cross-Section Map](#)

### Attachment 1 – Vicinity Map



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**RECLAMATION DISTRICT NO. 2028**  
**BACON ISLAND**

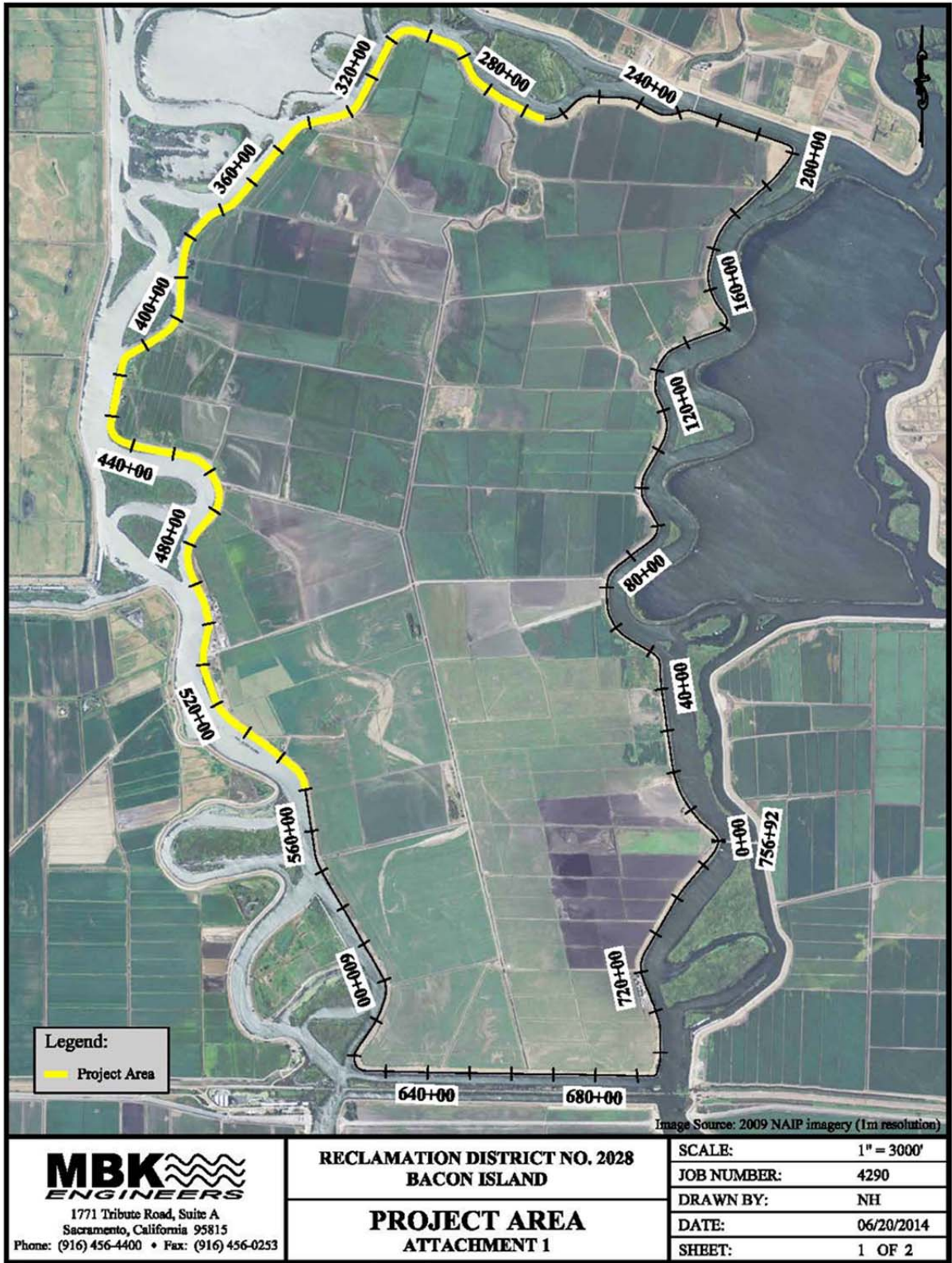
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**VICINITY MAP**

SCALE:	AS NOTED
JOB NUMBER:	4290
DRAWN BY:	BJ
DATE:	02/15/2012
SHEET:	1 OF 10



## Attachment 2 – Project Map



### Attachment 3 – Typical Cross-Section Map

