



Board Report

File #: A 22-528, **Version:** 1

- a. Reject all bids for the Carmel River Floodplain Restoration and Environmental Enhancement (CRFREE) Project - Phase 1, Project No. 7200, REF 140048 and
- b. Direct staff to continue the phased approach to CRFREE and readvertise at a later date.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Reject all bids for the Carmel River Floodplain Restoration and Environmental Enhancement (CRFREE) Project - Phase 1, Project No. 7200, REF 140048 and
- b. Direct staff to continue the phased approach to CRFREE and readvertise at a later date.

SUMMARY:

The County of Monterey (County) and Big Sur Land Trust (BSLT) are co-sponsors of the Carmel River Floodplain Restoration and Environmental Enhancement Project (CRFREE), a comprehensive effort to improve flood control and restore native riparian habitat, floodplain habitat, and hydrologic function to a portion of the lower floodplain along the Carmel River. Key aspects of the CRFREE Project are to restore the south lower Carmel River floodplain, create notches in the levees along the south bank of the lower Carmel River, and build a causeway under Highway 1, restoring connectivity between the lower Carmel River Floodplain and the south arm of the Carmel Lagoon. The CRFREE Project will reduce flood risk to over 100 residential and commercial properties north of the lower Carmel River floodplain.

Implementation of the CRFREE Project is entirely grant funded. To best utilize existing grant funds, the CRFREE Project was divided into phases. On July 15, 2022, the County opened sealed bids for the Carmel River Floodplain Restoration & Environmental Enhancement (CRFREE) Project - Phase 1, Project No. 7200, REF 140048 (Project). On August 22nd, 2022, the California Governor's Office of Emergency Services (Cal OES) notified County of Monterey and Big Sur Land Trust Staff that any implementation of the CRFREE Project prior to completion of the Federal Emergency Management Agency's (FEMA) environmental review would prevent future award of the grant of the CRFREE 2019 grant application for a Hazard Mitigation Grant (HMG) of \$25.3 million. At this time, Staff recommends that the Board of Supervisors reject all bids for Phase 1 of the CRFREE Project and direct staff to return to the Board at a future date following FEMA's environmental review to re-bid the project.

DISCUSSION:

On June 21, 2022, the Monterey County Board of Supervisors approved advertising a "Notice to Bidders" for Phase 1 of the CRFREE Project. Seven (7) bids were received for the project. (Attachment A) Five of the seven bids were under the engineer's estimate. The lowest responsible, responsive bidder was Granite Construction Company in the amount of \$4,388,222, which is 16% under the Engineer's Estimate of \$5.22 million.

A request for Board approval to award a construction contract was removed from the August 23, 2022 agenda due to a notification received from Cal OES regarding the status of the ongoing Environmental & Historic

Preservation Guidance (EHP) review which is conducted as part of the Federal Emergency Management Agency's (FEMA) grant award application process. The notice stated commencement of construction, prior to completion of the EHP review, would constitute as pre-decisional work, putting the grant award process in jeopardy. Phase 1 construction is fully funded using other grants; however, the overall CRFREE project, including Phase 2, require FEMA funding to move forward. The recommended actions to reject all bids is in precaution to avoid disrupting the FEMA grant award process. The date for readvertising is to be determined.

The continued phased approach to the CRFREE Project is recommended by Staff and BSLT. Phase 1 includes restoration efforts on the south Carmel River floodplain east of Highway 1, and will result in 93 acres of restoration planting, construction of two (2) miles of public access trails, and creation of a 17-acre agricultural preserve out of the 100-year floodplain. BSLT has contracted the plant grow for restoration planting in 2023 and removed their contracted grazer from the CRFREE Project area. Phase 2 will involve the construction of a causeway under Highway 1, south of the Carmel River, removal of notches in the south bank of the lower Carmel River, and restoration of the approximately 30 acres of remaining floodplain east and west of Highway 1. Phase 2 will restore hydraulic connectivity between the south Carmel River floodplain and the south arm of the Carmel Lagoon and will allow for future connectivity of public access from Monterey Peninsula Palo Corona Park and Carmel River Beach State Park.

All required permits have been issued for the construction of Phase 1 of the CRFREE Project. On June 21, 2022, the Board of Supervisors approved the construction phase Memorandum of Agreement between County of Monterey (County), the Monterey County Water Resources Agency (WRA), the Monterey Peninsula Water Management District (MPWMD), the California State Department of Parks and Recreation (State Parks), and BSLT ('2022 MOU'). The 2022 MOU has been signed by all parties and defines the responsibility of the signatory parties during the construction of the CRFREE Project, including Phase 1 and Phase 2 activities, as well as approval of temporary construction easements with Monterey Peninsula Regional Park District (MPRPD) and BSLT respectively. A long-term management agreement between all parties will be brought to the Board of Supervisors for approval prior to the beginning of construction of Phase 2. Further agreements with the Carmel Area Wastewater District (CAWD), State Parks, and MPRPD are needed prior to construction of Phase 2 to further define construction activities.

ENVIRONMENTAL REVIEW:

State and Federal environmental review is complete for the CRFREE Project. FEMA anticipates completion of EHP review by December 1, 2022. The Project Environmental Impact Report (EIR) was certified by the Monterey County Board of Supervisors in a public hearing on January 20, 2020, and the Project was approved on June 15, 2021. Federal environmental review was completed April 23, 2021, when Caltrans, as lead federal agency for the causeway portion of the Project, issued a finding of no significant impact (FONSI), agreeing with the U.S. Fish and Wildlife Service, as lead federal agency for the floodplain restoration portion of the project, who issued a FONSI on October 30, 2020.

OTHER AGENCY INVOLVEMENT:

BSLT is co-sponsor for the CRFREE Project. BSLT, State Parks and MPRPD are property owners within the CRFREE Project area. Through a cooperative agreement with Caltrans, the County of Monterey is acting as the Lead Agency under the California Environmental Quality Act for the Project. The Public Works, Facilities and Parks Department (PWFP) will manage the construction contracts, while the Housing and Community Development (HCD) Department continues to have overall lead responsibility for the CRFREE project, including environmental review, permits, and design, as well as grant funding administration.

FINANCING:

CRFREE is budgeted in Facility Master Plan Projects Fund 404, Appropriation Unit PFP057, Unit 8564. HCD staff time on this project is budgeted in FY 2022-23 HCD General Fund 001, Appropriation Unit HCD001, Unit 8542. The total estimated cost of the CRFREE Project, including design, permitting, construction, and restoration efforts, is approximately \$45.1 million. The project will be entirely grant funded. On August 24, 2022, the Department of Water Resources (DWR) notified the County of Monterey that the State of California had extended the sunset date of Prop 1E funds to June 30, 2028, and that they expect the CRFREE DWR Floodplain Corridor grant to be extended. The County has been awarded \$16.36 million in unexpended grant funds. BSLT holds \$900,000 in grant funds available for the project construction and an additional \$2 million in private donations to fund the long-term management and maintenance of the project on BSLT owned property. An additional \$25.3 million is pending award from Cal OES/FEMA. \$1 million is pending from Caltrans. \$2 million of California State Surplus funds, to be disbursed through DWR, have been approved for CRFREE. The Integrated Regional Water Management Group voted September 21, 2022, to award CRFREE \$840,000 of DWR granted funds. The County and BSLT are working to raise additional funds to meet the expected escalation of the full Project cost. Attachment B further outlines CRFREE grant funding, including expenditures by grant during Phase 1 construction.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

If approved, this action supports the Board of Supervisors' Strategic Initiatives for Administration and Infrastructure. The Project will provide sustainable physical infrastructure and associated flood risk reduction and habitat benefits to promote the safety of area residents and visitors.

☐ Economic Development
☒ Administration
☐ Health & Human Services
☒ Infrastructure
☐ Public Safety

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Approved by: Erik V. Lundquist, AICP, HCD Director

Attachments are on file with the Clerk of the Board:

Attachment A - Bid Summary

Attachment B - CRFREE Grant Funding Summary