



County of Monterey

Item No.

Capital Improvement Committee

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

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Receive a status update on the Carmel River Floodplain Restoration and Environmental Enhancement (CRFREE) Project (REF140048).

It is recommended that the Capital Improvement Committee:

a. Receive a status update on the Carmel River Floodplain Restoration and Environmental Enhancement (CRFREE) Project (REF140048).

SUMMARY

The Carmel River Floodplain Restoration and Environmental Enhancement (CRFREE) Project is 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. Envisioned following significant flooding in the 1990's, the CRFREE Project is approaching being shovel ready and fully funded. County of Monterey (County) is the lead agency and implementing agency, and project co-sponsors with Big Sur Land Trust. The CRFREE Project is a green infrastructure solutions project that will reconnect the south arm of the Carmel Lagoon with the historical floodplain of the Carmel River, create trails and open space opportunities linking the east and west sides of State Route 1 (SR 1) and the north and south side of the Carmel River via biking/walking trails, and construct an agricultural preserve. Once complete, the CRFREE Project will reduce the 100-year floodplain elevation by approximately 2 feet for CSA 50 and CSA 23 ('Rio Road', 'Crossroads', 'Barnyard', and 'Mission Fields') and reduce the flood risk to the Highway One Bridge over the Carmel River. Additionally, mitigation measures for the Project will include protecting above ground Carmel Area Wastewater District (CAWD) pipelines in the south arm of the Carmel Lagoon, and protecting historic buildings owned and operated by California Department of Parks and Recreation (State Parks).

Staff last brought a report on the CRFREE Project to the Capital Improvement Committee (CIC) in May 2024. In that report, the 95% Design plans had been completed, and staff anticipated the project would begin in June 2025 and that the Project would be completed by mid-2028. In May 2024, the CRFREE Project was waiting for the Federal Emergency Management Agency (FEMA) to complete the Environmental Assessment for the project, ahead of award of a Hazard Mitigation grant.

This report to CIC will lay out the current status of the CRFREE Project, including pre-construction agreements, permits, and grant funding. Currently, staff anticipate the project will be ready to go to bid in late 2026 and begin construction in 2027, pending FEMA funding.

DISCUSSION

CRFREE Project construction is designed to fit into a three-year period of performance, followed by three to five years of monitoring. Key construction aspects of the project are to: 1) Create notches in the levees along the south bank of the lower Carmel River, 2) Restore the south lower Carmel River floodplain with native habitat, channels, and access trails, and 3) Build a causeway under Highway 1, connecting the south lower Carmel River Floodplain with the south arm of the Carmel Lagoon.

Attachment A.

Since approval of the CRFREE Project in June 2021, County of Monterey and Big Sur Land Trust, as co-sponsors of the project, have worked together to complete the necessary pre-construction agreements and design. This includes a long-term management agreement with project property owners, permits, right of entry agreements (ROE), temporary construction easements (TCE), permanent access easements (PAE), grant funding, and reimbursement agreements. **Attachment B.** Most agreements can be extended with an administrative process. Those that may provide a challenge with further delays include the TCE with Clinton Eastwood, Jr. and Howard Bernstein, Co-Trustees of the 1988 Clinton Eastwood Trust U/D/T dated May 16, 1988, as to an undivided ½ interest, and Alison Eastwood and Kyle Eastwood, as Co-Trustees of the Margaret Eastwood Trust U/D/T dated August 21, 1990, as to an undivided ½ interest (Eastwoods). Per the California Department of Transportation's (Caltrans) request, the TCE with the Eastwoods, as a private entity, has a four-year term from the time of recordation. Recordation of the TCE is expected to occur in April 2026. Other pending agreements include a funding agreement for \$500,000 with the Monterey Peninsula Regional Parks District (MPRPD) to reimburse County for the left-hand turn lane onto MPRPD property, and a funding agreement for approximately \$10 million to reimburse Carmel Area Wastewater District (CAWD) for the undergrounding of CAWD pipelines, per mitigation measure HF-4 and the Memorandum of Agreement (MOA) signed in 2022.

The County is responsible for electric distribution and sewer facility relocations (utilities) required by the project. Coordination with Pacific, Gas and Electric (PG&E) and CAWD continues with utility relocation cost estimating. The County will need to execute agreements with both PG&E and CAWD to facilitate the respective electric and sewer relocation costs and construction.

Other utilities include water, gas, and telecommunications. However, these relocations only require encroachment permits and are pending approval to start work upon award of the FEMA grant. Though some utility work is ready to begin, any work (including utility relocation) done prior to FEMA authorization will deem the CRFREE project ineligible for FEMA funding.

The County is working with Caltrans District 5 for review and approval of the proposed causeway on Highway 1 and associated utility relocations. Caltrans will review and approve the utility agreements and issue encroachment permits to all utility owners prior to construction. Caltrans will also approve the Right of Way Certification and issue final project approval (Ready to List milestone) to the County before the project can be advertised for bids.

The County applied for the State of California, Governor's Office of Emergency Services (CalOES)/FEMA Hazard Mitigation Grant Program (HMGP) funds in 2018. In 2022, FEMA began environmental review (Environmental Assessment) of the CRFREE Project, in addition to the existing

CRFREE environmental review pursuant to the California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA), which had concluded. As laid out in **Attachment C**, a lengthy process with the United States Army Corps of Engineers (USACE) and State Historic Preservation Office (SHPO) ensued, concluding in October 2024. In May 2025, FEMA published the Environmental Assessment and in Fall 2025, FEMA approved a Finding of No Significant Impact (FONSI) and drafted a large project notification (LPN). In communications with CalOES in November 2025 and January 2026, County staff were made aware that; 1) Contrary to prior practices, FEMA has been denying extensions of disaster declaration funding, which jeopardizes the CRFREE funding, and 2) Obligations for FEMA mitigation grants has nearly stopped due to a policy that the Department of Homeland Security (DHS) Secretary must personally approve all obligations over \$100,000. Without the \$27 million in funding from FEMA, the CRFREE grant is no longer fully funded. Without an extension to the grant fund timeline, the CRFREE project will not be able to complete the three-year period of performance prior to the expiration of the fund. While staff can seek other funding sources, current open grant opportunities do not make up the full \$27 million in need.

In January 2026, staff asked for support and advice on next steps to pursue the FEMA grant funding from Supervisor Daniels, Senator Laird, Congressman Panetta, and various State Agencies. Following a meeting in January, several high-level conversations have been carried out, and staff continue to wait to hear back from CalOES/FEMA on movement of the grant process. Further delay into May 2026 is likely to cause a rippled delay of the bid process that will involve loss of grant funding, further discussed in the financing section. Staff continue to seek other grant funding sources, including submitting a pre-proposal letter to the National Fish and Wildlife Foundation (NFWF) for a \$7 million National Coastal Resiliency (NRC) grant.

OTHER AGENCY INVOLVEMENT

Big Sur Land Trust (BSLT) is a co-sponsor for the CRFREE Project. BSLT, California Department of State Parks and Recreation (State Parks), Eastwood Family Trust, and Monterey Peninsula Regional Parks District (MPRPD) are property owners within the Project area. Caltrans operates SR 1. Through a Cooperative Agreement with Caltrans, the County is acting as the Lead Agency for the Project pursuant to CEQA. The County Department of Housing and Community Development (HCD) is the County lead agency overseeing the project planning and grant administration. The Department of Public Works Facilities and Parks (PWFP) will oversee the project bidding and construction implementation phases.

FINANCING

Based on December 2023 95% engineering plans cost estimate as escalated to a 2027 construction season, CRFREE is anticipated to cost \$57 million and will be entirely grant funded (Attachment D). Grant funds have been awarded from the Department of Water Resources (DWR), the Wildlife Conservation Board (WCB), the California State Coastal Conservancy (SCC), the National Oceanic and Atmospheric Administration (NOAA), and Caltrans. Upon the Board of Supervisor's award of a construction contract, Caltrans will award the CRFREE Project \$3 million Dollars. A future funding agreement with MPRPD will contribute \$500,000 for the left turn lane which is a component of the CRFREE Project to allow access from SR 1 to MPRPD and BSLT property. Quarterly reimbursement requests will be submitted in a timely manner to minimize cash flow impacts. There is

no impact to the General Fund as a result of this recommendation.

Prepared by: Shandy Carroll, Management Analyst III (x5643)

Reviewed by: Melanie Beretti, AICP, Chief of Planning (x5285)

Approved by: Randell Ishii, MS, PE, TE, PTOE, Director of Public Works, Facilities and Parks

Approved by: Craig Spencer, Director, Housing and Community Development

The following attachments are on file with the Clerk of the Board:

Attachment A - Schedule Milestones

Attachment B - CRFREE Agreements list

Attachment C - FEMA process to date

Attachment D - CRFREE grant funding summary