

COASTAL CONSERVANCY

Staff Recommendation  
May 5, 2022

**SOUTH SAN FRANCISCO BAY SHORELINE PROJECT**

Project No. 02-070-06  
Project Manager: Eryan Borgnis Sloane

**RECOMMENDED ACTION:** Authorization to disburse up to \$3,161,921 of grant funds from the Association of Bay Area Governments to Santa Clara Valley Water District for implementation of the South San Francisco Bay Shoreline Project in the community of Alviso, City of San José, Santa Clara County.

**LOCATION:** Community of Alviso and adjacent ponds and waterways, between Alviso Slough and Coyote Creek, northern San José, Santa Clara County (Exhibits 1 and 2).

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EXHIBITS

- Exhibit 1: [Project Location Map](#)
- Exhibit 2: [Shoreline Project Area](#)
- Exhibit 3: [May 27, 2021 Staff Recommendation](#)
- Exhibit 4: [Proposed Shoreline Project Trails](#)
- Exhibit 5: [Project Letters from the April 11, 2018 Staff Recommendation to the San Francisco Bay Restoration Authority Governing Board](#)
- Exhibit 6: [March 22, 2018 Staff Recommendation](#)

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**RESOLUTION AND FINDINGS**

Staff recommends that the State Coastal Conservancy adopt the following resolution and findings.

Resolution:

The State Coastal Conservancy hereby authorizes a grant of an amount not to exceed three million one hundred sixty-one thousand nine hundred twenty-one dollars (\$3,161,921) received from the Association of Bay Area Governments to the Santa Clara Valley Water District (“the grantee”) to implement the South San Francisco Bay Shoreline Project in the community of Alviso, City of San José, Santa Clara County.

Prior to commencement of the project, the grantee shall submit for the review and written approval of the Executive Officer of the Conservancy (Executive Officer) the following:

1. A detailed work program, schedule, and budget.
2. Names and qualifications of any contractors to be retained in carrying out the project.
3. A plan for acknowledgement of Conservancy funding.
4. Evidence that all permits and approvals required to implement the project have been obtained.
5. Evidence that the grantee has entered into agreements sufficient to enable the grantee to implement, operate, and maintain the project.

In addition, to the extent appropriate, the Santa Clara Valley Water District shall incorporate the guidelines of the Conservancy's 'Coastal Access Project Standards'.

Findings:

Based on the accompanying staff recommendation and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed authorization is consistent with Chapter 4.5 of Division 21 of the Public Resources Code, regarding the Conservancy's mandate to address the resources and recreational goals of San Francisco Bay Area.
2. The proposed project is consistent with the current Conservancy Project Selection Criteria and Guidelines.

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## **STAFF RECOMMENDATION**

### **PROJECT SUMMARY:**

Staff recommends that the Conservancy authorize disbursement of \$3,161,921 received from the Association of Bay Area Governments to the Santa Clara Valley Water District (previously referred to as SCVWD, now referred to as Valley Water) for construction of the South San Francisco Bay Shoreline Project (Shoreline Project), which will provide flood protection, restore 2,900 acres of former salt evaporation ponds, and enhance public access in the Alviso area of South San Francisco Bay (Exhibits 1 and 2). The U.S. Army Corps of Engineers (Corps) is constructing the Shoreline Project pursuant to a cost-sharing agreement with Valley Water and the State Coastal Conservancy, which are the non-federal sponsors for the project. This authorization will specifically contribute to constructing the Reaches 1-3 flood risk management levee currently in-progress.

The Conservancy has made three previous authorizations for the Shoreline Project's design phases to different grantees since 2018. On May 27, 2021 the Conservancy authorized a Project Partnership Agreement (PPA) amendment with the U.S. Army Corps of Engineers and the Santa Clara Valley Water District for construction of the Shoreline Project (Exhibit 3). This is the first authorization to provide a grant for Shoreline Project implementation. Valley Water needs an additional \$3 million to help meet the non-federal cost sharing requirements of the agreement

(the PPA) with the Corps, specifically to fill the remaining budget deficit for the Locally Preferred Plan elements (i.e. raising the levee 3 feet higher) of the Reaches 1-3 flood risk management levee (see a description of the Locally Preferred Plan below). This authorization's project funding is from the California Department of Water Resources' Integrated Regional Water Management Plan grant program administered through Association of Bay Area Government (ABAG) specifically granted to the Conservancy to implement the Shoreline Project.

The Shoreline Project was developed as an outgrowth of the South Bay Salt Pond (SBSP) Restoration Project, a multi-agency effort to restore over 15,000 acres of former salt- evaporation ponds to wetland habitats. The Shoreline Project will address the need for tidal wetland restoration, flood protection, and improved recreation connections in the South Bay. Ultimately, the project will restore 2,900 acres of managed open water ponds to tidal marsh. However, before the existing pond berms can be breached for restoration, flood risk management for the inland community and infrastructure must be constructed. To provide protection from a 1-percent coastal flood (also referred to as the "one-hundred-year flood"), as well as sea level rise, the project's first action will be to construct approximately four-miles of engineered levees, a flood gate, and a tidal closure structure. This authorization will contribute to the first action, specifically to construct Reaches 1-3 of the flood risk management levee (Exhibit 2).

Once the flood risk management features are complete, the Shoreline Project will construct an upland transition area (ecotone) adjacent to the flood risk management levee to provide habitat for marsh species during high tides and storms. The ecotone will provide an additional protective buffer for the flood risk management levee and will also allow marsh habitat to migrate upslope as sea level rises.

Once these features are in place, the project will commence breaching the existing berms of Ponds A9-A15 and A18 (Exhibit 2) in a phased manner to restore tidal marsh. The pond-to-tidal marsh conversion will be carried out pursuant to an adaptive management plan that has been integrated with the SBSP Restoration Project's Adaptive Management Plan. Breaching the surrounding pond berms will require changes to the existing nine-mile loop trail around Ponds A9-A15. When all ponds have been breached, the final configuration of the A9-A15 trails will be a three-mile total of out-and-back trails with spurs to viewing platforms that will allow visitors to see the evolving marshes. However, the Shoreline Project will also add additional trails to improve the regional trail network (Exhibit 4).

The Corps has received federal funds to construct the Shoreline Project, including an amount equal to the non-federal sponsors' share, through the Bipartisan Budget Act of 2018. However, the non-federal sponsors are obliged to reimburse the Corps for the non-federal sponsor share over time as the Corps incurs project costs.

The current estimate for total Shoreline Project implementation cost is \$512,539,647 for construction over 15 years, followed by a monitoring and adaptive management phase. The non-federal sponsors' cash cost share is projected to be \$279,978,058. The non-federal sponsors' share is based upon federal cost sharing requirements. The non-federal sponsors, Valley Water and the Conservancy, will provide cash for 35% of the construction costs for the

flood risk management levee and tidal wetland restoration, with the remaining 65% provided by the Corps. Recreational improvements are cost shared 50-50. The non-federal sponsors are responsible for 100% of the costs identified in the Shoreline Study as being part of the Locally Preferred Plan (LPP), which are those elements of the project desired by the non-federal sponsors but not deemed eligible for cost-sharing under the Corps' guidance. As a result, for this project, the LPP elements include the upland transition zone (ecotone) and raising the levee 3 feet higher to improve long-term levee performance with sea level rise. Additionally, the non-federal sponsor cost share is currently approximately \$91.2 million higher due to restrictions with the federal fund source, Bipartisan Budget Act (BBA), that prevent BBA funds from being supplemented with additional federal appropriations (see full explanation in Exhibit 3). Valley Water and the Conservancy are working to address this restriction through federal legislation and appropriations, which would reduce the non-federal cost share by \$91.2 million. Efforts are also being made to bring down the total estimated cost by, for example, reducing the volume of sediment needed for the ecotone.

On April 11, 2018 and June 7, 2019, the San Francisco Restoration Authority authorized a total of \$61,466,079 over a five-year period to meet some of the non-federal sponsor's reimbursement need. Valley Water is contributing \$15 million as match for the Authority's grants in the Valley Water's Safe, Clean Water and Natural Flood Protection Program.

The community of Alviso, including the Alviso Water Task Force, supports the Project and was involved in determining the levee alignment. The recreational enhancements will improve the community's access to the regional trail network, wildlife viewing, and education opportunities. The Shoreline Project is also strongly supported by multiple local, state and federal elected officials and government agencies; restoration and habitat-focused non-governmental organizations; chambers of commerce groups for all Silicon Valley cities; recreation groups; and community groups (See Exhibit 5: project letters from 2018 in support of the April 11, 2018 Staff Recommendation to the San Francisco Bay Restoration Authority Board).

**Site Description:** The Shoreline Project includes Ponds A9-A15 that were part of the 2003 SBSP Restoration Project acquisition. These ponds are now owned and managed by the U.S. Fish and Wildlife Service (USFWS) as managed pond habitat for shorebirds and waterfowl as part of the Don Edwards San Francisco Bay National Wildlife Refuge (Refuge). The Refuge and its Environmental Education Center receive approximately 733,000 visitors each year, and the Refuge's adjacent New Chicago Marsh Trail receives an estimated 8,200 visits each year. At the present time there are two Refuge trail systems in Alviso: an approximately nine-mile loop trail around Ponds A9-A15 and a three-mile loop-and-spur trail around A16 and A17. An active railroad line separates these two trail networks and there is no direct connection to the Bay Trail. In addition, the project includes the adjacent Pond A18, currently owned by the City of San José, but will be acquired by Valley Water prior to construction. Pond A18 is an 850-acre managed pond connected to the Bay through two water control structures. There is currently no public access to Pond A18. Pond A18 is adjacent to the City of San José's Regional Wastewater Facility, which provides wastewater treatment for over one million people in the South Bay.

**Grant Applicant Qualifications:** The Santa Clara Valley Water District (Valley Water) has been a non-federal sponsor to the project since 2006. Since 2006, Valley Water has successfully managed all the non-federal sponsors' reimbursement requests from the USACE including Reaches 1-3 construction reimbursements which began in 2019.

**CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA:**

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines, last updated on September 23, 2021, in the following respects:

**Selection Criteria**

**1. Extent to which the project helps the Conservancy accomplish the objectives in the Strategic Plan.**

See the "Consistency with Conservancy's Strategic Plan" section below.

**2. Project is a good investment of state resources.**

The Shoreline Project will benefit the region's economy by reducing the potential for economic damages caused by a 1-percent coastal flood event and projected sea level rise. Any flood event that occurred today as a result from failure of the existing pond dikes would likely result in more than \$100 million dollars in structure and content damages to the Alviso community and a 1-percent flood event that occurred today would cause more than \$200 million in residential and commercial structure and content damages. These estimates are projected to increase over the next fifty years as seas rise. Located in the Shoreline Project area, the RWF (Regional Wastewater Facility) is a critical \$3 billion facility that treats wastewater for 1.4 million people in Santa Clara County along with high-tech Silicon Valley businesses. If the RWF was flooded and inoperable, it would cause extreme health, safety, and environmental impacts throughout the county. Under current conditions, it is estimated that a flood causing inundation of the RWF's underground equipment would cause more than \$200 million in direct damage (in addition to the damage estimated above). In addition to avoided economic damages, the Project will benefit the region's economy by creating job opportunities during construction, and after with post-construction maintenance and monitoring. Based on October 2015 price levels, the Corps' regional economic impact model estimates that the Shoreline Project would generate 2,731 direct and indirect jobs with an associated labor income of \$124,334,355.

In addition to the numerous economic benefits, the Shoreline Project will provide a multitude of flood protection, habitat, recreation, and climate change resilience benefits (see Selection Criteria 4 & 5).

**3. Project includes a serious effort to engage tribes. Examples of tribal engagement include good faith, documented efforts to work with tribes traditionally and culturally affiliated to the project area.**

On July 15 and 16, 2016 the U.S. Army Corps of Engineers notified local tribes, primarily the Indian Canyon Mutsun Band of Costanoan, Ohlone Indian Tribe, Amah Mutsun Tribal Band of Mission San Juan Bautista, Muwekma Ohlone Indian Tribe, and Ohlone/Costanoan Indian Tribe, of the project details and the required cultural analyses done for USFWS Section 106 and CEQA/NEPA. Additionally, Conservancy staff notified federally recognized tribes in the area on February 7, 2018 prior to the Conservancy's March 22, 2018 authorization (Exhibit 6).

**4. Project benefits will be sustainable or resilient over the project lifespan.**

The Shoreline Project addresses the area's flood risk management needs for the next fifty-plus years using a natural flood protection approach, allowing long-term restoration of the bay and recreational opportunities during that time and beyond. To address the long-term impacts of sea level rise, Valley Water is funding construction of approximately three additional feet of levee height in order to ensure that the levee meets the 1%-event throughout the entire fifty-year planning life span of the project. (Although planned with a fifty-year time horizon, the improvements are expected to last considerably longer, closer to one hundred years with the current sea level rise projections. Also, the levee will be constructed to allow for height increases if necessary.) The flood risk management improvements are foundational for restoring the bay and will have co-benefits for the bay's health, safety, environment, and economy, while the wetland restoration and ecotone will add resiliency to the levee by buffering the engineered levee from coastal storm actions. Lessons from the implementation of the Shoreline Project at Alviso will be applied to expand activities to the rest of the south bay shoreline.

**5. Project delivers multiple benefits and significant positive impact.**

The Shoreline Project will accomplish the instrumental first step of providing coastal flood risk management to the Alviso area, thus allowing the restoration of 2,900 acres of former salt-evaporation ponds to wetlands and the enhancement of recreational opportunities that provide beneficial use to all Bay Area residents. The proposed restoration is at a sufficient scale that some of the ecological structure, function, and connectivity that has been lost in San Francisco Bay will be regained. The restored habitat will benefit the recovery of protected wetland species and help restore ecological functions as well as decrease water turbidity, improve water quality, and improve the physical health of the overall bay. Providing integrated flood risk management results in critical health, safety, and environmental benefits to residents and businesses, which are served by regional infrastructure, such as the Regional Wastewater Facility (RWF), in the Alviso area and throughout the county. Furthermore, the Shoreline Project will connect the existing regional trail networks to provide Bay Area residents, students and visitors improved connections between the Refuge's Environmental Education Center, the County's Marina Park, and the Coyote Creek/Bay Trail.

**6. Project planned with meaningful community engagement and broad community support.**

This project would help implement the goals of the SBSP Restoration Project which is supported by Senator Dianne Feinstein, the Richard and Rhoda Goldman Fund, the William and Flora Hewlett Foundation, the Gordon E. and Betty I. Moore Foundation, the David and Lucile Packard Foundation, Resources Legacy Fund, the California Natural Resources Agency,

California Department of Fish and Wildlife, USFWS, Valley Water, the San Francisco Bay Joint Venture, Save The Bay, The Bay Institute, National Audubon Society, Citizen’s Committee to Complete the Refuge, Cargill, and many other agencies, organizations, and individuals.

The Shoreline Project will provide enhanced opportunities for public access, environmental education, and recreation associated with the restored habitat and is in an area of vital educational and recreational open space with its proximity to the County Marina Park, Refuge trails and the Environmental Education Center (EEC). The Shoreline Project will improve access to the EEC, which receives approximately 733,000 visitors each year, and the adjacent New Chicago Marsh Trail receives an estimated 8,200 visits each year. The Shoreline Project’s recreation features are estimated to increase the annual number of visitors to the Refuge and EEC by 20 percent. Preliminary results from the 2014 trail user survey indicate that the primary user groups for this trail are organized educational groups ranging from elementary through college age (approximately 66 percent). The Project’s educational signs and viewing platforms will provide youth and young adults with information regarding the tidal marsh ecosystem, environmental stewardship, and conservation. The Project will also provide connections to the Alviso Marina County Park, which offers educational public boat rides through the Alviso Slough and educational signage depicting the area’s history to share how the South San Francisco Bay shoreline has changed over time.

The Project’s Monitoring and Adaptive Management Plan, which is integrated with the SBSP Restoration Project’s Adaptive Management Plan, will incorporate monitoring, maintenance, and stewardship practices to develop efficient and effective strategies to restore tidal marsh habitat and ecotone to achieve the maximum benefits of the restoration. A crucial element of the Monitoring and Adaptive Management Plan is a feedback loop between information generation (monitoring) and decision-making (adaptive management) while keeping the public informed and involved in the overall process. Since construction will occur in three phases over 14 years, adaptive management and monitoring will be performed at every phase to allow lessons learned from earlier restoration projects to be incorporated as management and monitoring plans are updated and the designs of future actions are developed and implemented.

**PROJECT FINANCING**

<b>ABAG (via a grant to the Conservancy)</b>	<b>\$3,161,921</b>
San Francisco Bay Restoration Authority	\$61,466,079
<i>(of which \$33,099,000 is required match to ABAG)</i>	
Valley Water	\$15,000,000
U.S. Army Corps of Engineers	\$232,561,589
To be raised	\$200,350,058
<b>Project Total</b>	<b>\$512,539,647</b>

The expected source of Conservancy funding is solely from a grant to the Conservancy from the California Department of Water Resources' Integrated Regional Water Management Program (IRWMP) through the Association of Bay Area Governments. Although not part of this authorization, \$103,200 of the IRWMP budget will cover Conservancy staff time.

The San Francisco Bay Restoration Authority authorized \$4,439,406 in 2018 and \$57,026,673 in 2019 (to be disbursed over a five-year period) to Valley Water for the Shoreline Project. Of that, \$33,099,000 is required match to the Conservancy's ABAG grant.

Valley Water is contributing \$15 million as match for the Authority's grant in the Valley Water's Safe, Clean Water and Natural Flood Protection Program.

The budget shortfall for the non-federal sponsors after this authorization is approximately \$200.4 million. Valley Water and the Conservancy are working to allow another \$91.2m of federal funds to be appropriated to the project, to identify sources for the remaining shortfall, and to identify ways to reduce construction costs.

Unless specifically labelled "Required Match" in the table above, the other sources of funding listed above are provided as estimates. The Coastal Conservancy does not typically require matching funds nor does it require documentation of expenditures from other funders. Typical grant conditions require Grantees to provide any funds needed to complete the project.

**CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:**

This project will be undertaken pursuant to Chapter 4.5 of the Conservancy's enabling legislation, Public Resources Code Sections 31160-31165, to address resource goals in the San Francisco Bay Area.

The Shoreline Project is within the nine-county Bay Area as required under Section 31162 of the Public Resources Code.

Under Section 31162(a), the Conservancy may undertake projects to improve public access to and around the Bay, without having a significant adverse impact on environmentally sensitive areas and wildlife, such as wetlands, through completion of regional trails, local trails connecting to population centers and public facilities and which are part of a regional trail system, and through the provision of related facilities. The Shoreline Project includes construction of 1.8 miles of Bay Trail segments and connecting trails as well as related public facilities, while enhancing wildlife habitat.

Under Section 31162(b), the Conservancy may act to protect, restore, and enhance natural habitats and connecting corridors, watersheds, scenic areas, and other open-space resources of regional significance. This authorization would specifically provide for the design of 2,900 acres of tidal wetland restoration, approximately 90 acres of upland transition zone (ecotone) creation, and 3.8 linear miles of levee construction, in addition to re-configuring of existing trails and creation of new trail connections, all of which helps implement the goals of the SBSP Restoration Project, a wetland restoration project of national significance.



Under Section 31162(d), the Conservancy may act to promote, assist, and enhance projects that provide open space and natural areas that are accessible to urban populations for recreational and educational purposes. The implementation of the Shoreline Project, which includes trails and other opportunities for recreation, will provide an important recreational open space area to residents of the South Bay, as well as to residents of the entire Bay Area.

The project is consistent with Sections 31163(a) and (b), directing the Conservancy to participate in and support interagency actions and public/private partnerships in the San Francisco Bay Area to implement long-term resources and outdoor recreational goals.

Consistent with Section 31163(c), the project meets the following criteria: it (1) is supported by adopted regional plans (San Francisco Bay Plan, Baylands Ecosystem Habitat Goals Report (1999) pp. 97, 126-139, *Baylands Goals Update (2015)* pp. 198, 203, and the *San Francisco Basin (Region 2) Water Quality Control Plan* (June 29, 2013) pp. 2-2 and 4-92), (2) is multijurisdictional (involves multiple agencies) and serves a regional constituency (the restoration component will facilitate nationally and regionally significant wetland restoration efforts and will complete regional trail connections), (3) can be implemented in a timely way, (4) provides opportunities for habitat, flood protection, and public access benefits that could be lost if the project is not quickly implemented, and (5) includes matching funds from other sources of funding as described above in the "Project Financing" section.

**CONSISTENCY WITH CONSERVANCY'S [2018-2022 STRATEGIC PLAN](#) GOAL(S) & OBJECTIVE(S):**

Consistent with **Goal 12, Objective D** of the Conservancy's 2018-2022 Strategic Plan, the proposed project will assist with implementing a project that will restore up to 2,900 acres of tidal wetlands. In addition, consistent with **Goal 13, Objective E** this project will assist with implementing new sections of the Bay Trail. Finally, consistent with **Goal 13, Objective I** this project will assist with implementing regionally significant public access trails that link with the Bay Trail.

**CEQA COMPLIANCE:**

On March 22, 2018 the Conservancy adopted California Environmental Quality Act findings for the Shoreline Project (Exhibit 6) and Conservancy staff filed a Notice of Determination on March 23, 2018. This authorization remains consistent with the March 22, 2018 findings.