



DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY  
CIVIL WORKS  
108 ARMY PENTAGON  
WASHINGTON DC 20310-0108

MAY 18 2011

Honorable Joseph R. Biden, Jr.  
President of the Senate  
U.S. Capitol Building, Room S-212  
Washington, D.C. 20510-0012

Dear Mr. President:

The Common Features Project was authorized by Section 101(a)(1) of the Water Resources Development Act (WRDA) of 1996 (Public Law 104-303), as modified by Section 366 of WRDA 1999 (Public Law 106-53) and as further modified by Section 129 of the Energy and Water Development Appropriations Act, 2004 (Public Law 108-137); and as amended by Section 130 the Energy and Water Development and Related Agencies Appropriations Act, 2008 (Division C of Public Law 110-161). A study was conducted as an Interim General Reevaluation Report (GRR) of the American River Common Features Project specifically to determine if there is a Federal interest in modifying the current authorized project features to address flood risk management issues related to levee seepage and stability in the Natomas Basin portion of the Common Features project area. As a result of that study, the Secretary of the Army recommends authorization of the American River Watershed (Common Features) Project, Natomas Basin, California. The proposal is described in the Report of the Chief of Engineers dated December 30, 2010, which includes other pertinent reports and comments. The views of the State of California and other interested agencies are set forth in the enclosed report as well. The Secretary of the Army plans to implement the project through the normal budget process at the appropriate time, considering national priorities and the availability of funds.

The recommended plan would modify the authorized Common Features project to include a component that would reduce the systemic risk associated with seepage and stability for the ring levee system surrounding the Natomas Basin. The principal features of the recommended modifications include widening of about 41.9 miles of existing levee, installation of about 34.8 miles of soil bentonite cutoff wall and about 8.3 miles of seepage berms, and bridge remediation at State Route 99. In addition, features that provide mitigation through avoidance of impacts, pursuant to the Endangered Species Act are recommended, including creation of 75 acres of canal habitat and up to 200 acres of marsh habitat, creation of up to 60 acres of landside woodlands, creation of 1,600 linear feet of tree plantings, and establishment of a monitoring program for assessing mitigation performance. The recommendation is supported by the non-Federal sponsors, the State of California Central Valley Flood Protection Board (CVFPB) and the Sacramento Area Flood Control Agency (SAFCA).

Based on October 2010 price levels, the estimated first cost of the recommended modifications for the Natomas Basin is \$1,111,600,000. Adding these improvements to the currently authorized Common Feature project cost of \$277,900,000 increases the estimated first cost of the total Common Features project to \$1,389,500,000. The total equivalent average annual costs of the project are estimated to be \$82,500,000, including operation, maintenance, repair, replacement, and rehabilitation (OMRR&R) costs of \$5,300,000. Average annual economic benefits are estimated to be \$502,500,000; net average annual benefits are \$420,000,000. The benefit-to-cost ratio is 6 to 1. All project costs are allocated to the Flood Risk Management purpose.

The project recommended in the Chief's report is an interim solution designed to address the risk of imminent failure at strategic points along the Natomas Basin ring levee. The proposed Federal project does not include features that would increase the level of protection for the levee system. The SAFCA is coordinating with the Corps to help implement some of the proposed project features in the Federally recommended plan. They have also initiated their own Natomas Levee Improvement Project (NLIP) to address additional deficiencies in the levee that have caused experts to significantly downgrade the system's performance capability and the Federal Emergency Management Agency (FEMA) to withdraw its 100-year level of protection certification granted to the levee system a decade ago. The NLIP includes a levee raising component that is not included in the Federally recommended plan, which would be designed to restore the system's FEMA certification. SAFCA and the State of California CVFPB have constructed some of the Federally recommended project features as part of the NLIP and have received approval for credit eligibility under Section 104 of WRDA 1986. The estimated creditable amount against this phase of the project is \$325,800,000. A larger scale Federal GRR, which will include the Natomas Levee System, is underway to investigate comprehensive solutions for significantly reducing flood risk along the American and Sacramento Rivers in the greater Sacramento area. Measures being investigated include a potential increase in the level of protection for the entire system.

The State of California CVFPB and SAFCA are the non-Federal cost sharing sponsors and are legally capable of fulfilling the requirements for being the non-Federal sponsors. Cost sharing is applied in accordance with the cost sharing provisions of Section 103(a) of WRDA 1986 (Public Law 99-662), as amended by Section 202(a) of WRDA 1996, and Section 366(c) of WRDA 1999. Cost sharing for the original authorized project was 75% Federal, 25% non-Federal, or about \$208,500,000 and \$69,500,000, respectively. The additional work included in this new request for authorization will be cost shared at 65% Federal and 35% non-Federal, or about \$722,500,000 and \$389,100,000, respectively. In total, the combined Federal share of the first costs of the flood damage reduction features would be about \$931,000,000 (67%) and the non-Federal share would be about \$458,500,000 (33%). For project construction, the non-Federal sponsors are responsible for providing all costs of lands, easements, rights-of-way, relocations, and dredged or excavated material disposal areas (LERRDs), plus a cash amount. The cash amount includes the mandatory 5% cash for the original and updated

projects, currently estimated at about \$69,500,000, plus additional cash estimated at \$50,000,000 to arrive at their proper cost share. This amounts to about \$339,000,000 for LERRDs plus about \$119,500,000 in cash, totaling \$458,500,000. Following project construction, the non-Federal sponsors would be responsible for OMRR&R of the project after construction, a cost currently estimated at about \$5,300,000 per year.

The Office of Management and Budget (OMB) advises that there is no objection to the submission of the report to Congress and concludes that the report recommendation is consistent with the policy and programs of the President. A copy of its letter is enclosed. I am providing a copy of this transmittal and the OMB letter dated, April 19, 2011 to the Senate Committee on Appropriations' Subcommittee on Energy and Water Development, and the Senate Committee on Environment and Public Work's Subcommittee on Transportation and Infrastructure. I am providing an identical letter to the Speaker of the House of Representatives.

Very truly yours,

A handwritten signature in black ink that reads "Jo-Ellen Darcy". The signature is written in a cursive style with a large, looping initial "J".

Jo-Ellen Darcy  
Assistant Secretary of the Army  
(Civil Works)

Enclosures

7 Enclosures

1. Record of Decision, dated, May XX, 2011
2. OMB Clearance Letter, dated, March 25, 2011
3. Report of the Chief of Engineers, Dec 30, 2010
4. DOI letter to USACE, Nov 22, 2010
5. EPA letter to USACE, Nov 19, 2010
6. Project Slides
7. Post Authorization Change Report and Interim General Reevaluation Report American River Watershed, Common Features Project Natomas Basin Sacramento and Sutter Counties, California



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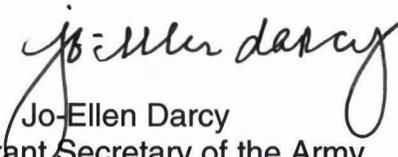
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