



DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
441 G STREET, NW
WASHINGTON, DC 20314-1000

CECW-SPD

24 July 2020

MEMORANDUM FOR Assistant Secretary of the Army (Civil Works)

SUBJECT: San Luis Rey Flood Control Project, San Diego County, California, Post-Authorization Change Report

1. Purpose. To provide for your review and approval, the enclosed San Luis Rey Flood Control Project, San Diego County, California Post-Authorization Change Report (PACR). The report documents the need to increase the authorized project cost from \$81,600,000 (Fiscal Year (FY) 1996 (October 1995) price level) to \$188,209,000 (FY 2020 (October 2019) price level).

2. Post-Authorization Change. This PACR presents a revised cost estimate and updated economic analysis of the authorized project in order to request authorization of a new project cost. The increase in cost is needed to complete the remaining functional elements of the project so the non-federal sponsor, the City of Oceanside, can assume responsibility for Operation, Maintenance, Repair, Replacement and Rehabilitation (OMRR&R) of the complete project. The PACR does not include any new plan formulation and there are no changes in the project location, purpose, or scope. The current total project first cost estimate is \$188,209,000 (FY 2020 (October 2019) price level). The current Section 902 limit for the San Luis Rey River Project is \$145,226,000 (FY 2020 (October 2019) price level). Cost sharing, 75 percent federal (\$141,157,000) and 25 percent non-federal (\$47,052,000), remains the same as established under Section 103 of the Water Resources Development Act (WRDA) 1986, and as indicated in the 1990 and 1996 authorizations below.

3. Project Authorizations and Approvals.

a. The San Luis Rey River Flood Control Project was authorized pursuant to Section 201 of the Flood Control Act of 1965 (42 U.S.C. § 1962d-5). As required by that statute as a condition for appropriations, the Resolution of the House Public Works Committee dated December 15, 1970, and the Resolution of the Senate Public Works Committee dated December 17, 1970, approved the project.

b. Section 1165 of WRDA 1986 established the interest rate to be used for cost and benefit analysis, stating: *"The interest rate used for purposes of analyzing the costs and benefits of the San Luis Rey Flood Control Program in San Diego County, California, shall be the applicable interest rate at the time of the agreement under Section 215 of the Flood Control Act of 1968 was entered into."* The Section 215 agreement was signed in 1990, setting the interest rate at 7.875 percent.

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c. Section 102(f) of WRDA 1990 modified the project authorization to increase the authorized cost, stating: “*SAN LUIS REY RIVER, CALIFORNIA.—The project for flood control, San Luis Rey River, authorized pursuant to section 201 of the Flood Control Act of 1965 (42 U. S. C. 1962d-5; 79 Stat. 1073-1074) is modified to construct the project at a total cost of \$60,400,000, with an estimated first Federal cost of \$45,100,000 and an estimated first non-Federal cost of \$15,300,000.*”

d. Section 301(a)(3) of WRDA 1996 modified the project authorization to increase the authorized cost, stating: “*SAN LUIS REY RIVER, CALIFORNIA.—The project for flood control of the San Luis Rey River, California authorized pursuant to section 201 of the Flood Control Act of 1965 (42 U. S. C. 1962d-5; 79 Stat. 1073-1074) is modified to construct the project at a total cost of \$81,600,000, with an estimated Federal cost of \$61,100,000, and an estimated non-Federal cost of \$20,500,000.*”

e. In 2008, the U.S. Army Corps of Engineers (USACE) approved a modification to the authorized project through a Post-Authorization Decision Document/Supplemental Environmental Impact Statement/Environmental Impact Report/Post Authorization Change Report for Vegetation and Sediment Management (PADD) that did not require congressional authorization. Approval authority for the 2008 PADD was delegated pursuant to Engineer Regulation (ER) 1165-2-502, Delegation of Review and Approval Authority for Post-Authorization Decision Documents, 19 December 2006, to the South Pacific Division Commander. The 2008 PADD recommended a modified vegetation and sediment management plan including OMRR&R with a flow conveyance of 71,200 cubic feet per second (cfs), a 20 percent decrease from the constructed design conveyance of 89,000 cfs, consistent with U.S. Fish and Wildlife Service (USFWS) Endangered Species Act (ESA) Section 7 consultation on several species and designated critical habitat. The estimated total project cost was stated to be \$96,800,000. The Record of Decision was signed by the South Pacific Division Commander on 21 February 2008.

4. Status of Project Construction. The project is currently in the construction phase. Construction of the project's primary structural flood control features was completed in 2000. The remaining activities (levee inspection and repairs, levee vegetation removal, channel sediment removal to restore channel conveyance capacity, and associated environmental compliance requirements) are needed to complete the project and provide the non-federal sponsor with a final notice of completion and final OMRR&R Manual.

5. Economic Evaluation. The authorized project remains economically justified under the increased total project cost estimate. At FY 2020 (October 2019) price levels, and based on a 2.75 percent discount rate and a 50-year period of analysis, the project has equivalent annual benefits of \$25,077,000 and equivalent annual costs of \$8,571,000.

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Equivalent annual net benefits total \$16,506,000, and the updated benefit to cost ratio is 2.93 (with a remaining benefit/remaining cost ratio of 3.35). Pursuant to Section 1165 of WRDA 1986, the benefit to cost ratio at a 7.875 percent discount rate is 1.36.

6. Environmental Considerations. The first National Environmental Policy Act (NEPA) document, an Environmental Impact Statement (EIS), was completed in 1970. A series of subsequent NEPA documents addressed evolving environmental requirements and compensatory mitigation for ESA Section 7 consultations with USFWS on listed species and critical habitat. The 2008 PADD included conservation and minimization measures for endangered species with a plan that reduced impacts to the maximum extent practicable, while providing for appropriate operation and maintenance of the project. The 2008 PADD also incorporated mitigation measures to satisfy concerns of the USFWS pursuant to the ESA, the National Marine Fisheries Service pursuant to the ESA, the California Coastal Commission pursuant to the Coastal Zone Management Act, and the Regional Water Quality Control Board pursuant to Section 401 of the Clean Water Act.

7. Mitigation and monitoring activities have been implemented consistent with the 2008 PADD, leading to completion of functional portions of the project and provision to the non-federal sponsor for OMRR&R. The current PACR assumes that additional NEPA analyses and other environmental compliance activities, including approvals and consultations, will be needed before removing levee vegetation, repairing the levees, and removing sediment to restore channel conveyance capacity. Because more information is needed to evaluate alternatives for addressing each of these items and evaluating the impacts, USACE is assuming it will prepare additional NEPA documents as sufficient information and technical analysis become available.

8. Conclusions. The Los Angeles District prepared the PACR in accordance with ER 1105-2-100, as amended, to document the increases in the project cost and recommend an increase in the authorized project cost. The Cost Engineering Mandatory Center of Expertise Agency Technical Review was completed and certified on 29 May 2020. The USACE policy compliance review of the PACR concluded that there are no unresolved policy issues and that the project is technically sound, environmentally acceptable, and economically justified.

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9. Recommendation. I recommend the enclosed PACR be transmitted to Congress as a basis for increasing the authorized project cost of the San Luis Rey River, San Diego County, California, Project to \$188,209,000 (FY 2020 (October 2019)) price level).

A handwritten signature in black ink, appearing to read "Alvin B. Lee". The signature is fluid and cursive, with the first name "Alvin" and last name "Lee" being more prominent than the middle initial "B".

ALVIN B. LEE
Director of Civil Works

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