

APPROPRIATION TITLE: Construction - Local Protection (Ecosystem Restoration)

PROJECT: Hamilton City, California (New)

LOCATION: The project is located in Glenn County, California.

DESCRIPTION: This multipurpose project area includes Hamilton City and the surrounding rural area. The boundaries are the Sacramento River to the east the Glenn Colusa Canal to the west and extends about two miles north and six miles south of Hamilton City. The project area lies just north of the existing Sacramento River Flood Control Project levees and within the area of extent of the Chico Landing to Red Bluff bank protection project. The feasibility study was accomplished as part of the Central Valley Integrated Flood Management Study (formerly Sacramento and San Joaquin River Basins Comprehensive Study) with Reclamation Board of California as the non-Federal sponsor. The project will construct a setback levee, degrade an existing levee and revegetate the setback area to restore 1,145 acres riparian woodland, 261 acres riparian shrub, and 70 acres floodplain meadow. This multipurpose project will also reduce flood risk for town of Hamilton City and adjacent agricultural lands.

AUTHORIZATION: Water Resource Development Act of 2007, Section 1001(8), P. L. 110-114

REMAINING BENEFIT-REMAINING COST RATIO: N/A

TOTAL BENEFIT-COST RATIO: Project purpose is primarily ecosystem restoration. Incremental cost analysis of combined alternative plans identified restoration benefits of 888 average annual habitat units (AAHUs) and average annual flood risk management benefits of \$577,000 for the recommended plan. The benefit to cost ratio for flood risk management is 1.5 to 1 at 7 percent. This plan reasonably maximizes total ecosystem restoration and flood risk management benefits compared to costs.

BASIS OF BENEFIT-COST RATIO: The primary outputs for this multipurpose project are environmental. Flood risk management benefits are from the Final Feasibility Report for Hamilton City Flood Damage Reduction and Ecosystem Restoration, California project dated July 2004 at October 2003 price levels, and approved in the Chief's Report dated 22 December 2004.

| SUMMARIZED FINANCIAL DATA | | STATUS (1 JAN 2011) | PERCENT COMPLETE | PHYSICAL COMPLETION SCHEDULE |
|------------------------------|--------------|------------------------|---------------------|------------------------------------|
| Estimated Federal Cost | \$34,100,000 | Entire Project | 0 | 2016 |
| Estimated Non-Federal Cost | 18,300,000 | | | |
| Cash Contribution | \$ 1,180,000 | | | |
| Other Costs | 17,120,000 | | | |
| Total Estimated Project Cost | \$52,400,000 | | | |

Division: South Pacific

District: Sacramento

Hamilton City, California

| SUMMARIZED FINANCIAL DATA (Continued) | | ACCUM PCT OF EST FED COST |
|--|-------------|---------------------------------|
| Allocations to 30 September 2008 | \$1,649,000 | 1/ |
| Allocations for FY 2009 | 832,000 | 1/ |
| Allocations for FY 2010 | 341,000 | 1/ |
| Conference Allowance for FY 2011 | TBD | |
| President's Budget for FY 2011 | 0 | |
| Allocations through FY 2011 | 2,822,000 | 8 |
| Budget for FY 2012 | 8,000,000 | 32 |
| Programmed Balance to Complete after FY 2012 | 23,278,000 | |
| Unprogrammed Balance to Complete after FY 2012 | \$ 0 | |

1/ PED costs associated with Investigations funds

JUSTIFICATION: Ecosystem (\$47.2 million) - Over 95% of the Sacramento River's floodplains (riparian and wetland habitats) have been lost due to development and agriculture. This project will restore approximately 1,480 acres of floodplain habitat. All the land between the existing levee and setback levee alignment will be restored to the natural floodplain. This would include a variety of different habitat types to include riparian scrub, oak savannah, and grassland communities. Restoration of this flood plain area will benefit the recovery of eight different listed or proposed species in the area. This includes winter-run Chinook salmon, steelhead, Valley Elderberry Longhorn Beetle, and Swainson's Hawk. The restoration will provide vital habitat (nesting, foraging, and shelter) to these species and increase biodiversity to more natural levels. This restoration is in coordination with other Federal, State, Local, and non-profits agencies, which are developing a system wide restoration effort to establish a continuous riparian corridor along the Sacramento River. This project is a key element to this effort as it will connect four other restored areas providing a larger continual habitat corridor than just the project's restoration area. Benefits will be incremental starting immediately after planting with full benefits at approximately year ten. The value of connecting multiple restoration areas and establish a larger corridor has exponential benefits that are not in the project analysis. Including the land cost, this restoration is approximately \$31,000 per acre.

Flood Risk Management (\$5.2 million) - Record flood flow occurred in 1974 when a privately constructed "J" levee failed. Extensive flood fighting and evacuation took place in 1983, 1986, 1995, 1997, and 1998. The project consists of constructing a setback levee about 6.8 miles long that would have varying heights and varying levels of performance for flood risk management, removal of existing private levee, and restoration of 1,480 acres of native floodplain habitat. The benefit to cost ratio for the flood risk management portion of the project is 1.5 to 1 at 7 percent based upon October 2003 price levels in the Feasibility Report dated July 2004. The PED cost-sharing agreement was executed with the local sponsor, the State of California Reclamation Board, now the Central Valley Flood Protection Board, on December 13, 2005. Average annual benefits are estimated at \$577,000 at October 2003 price levels. There will be minimal benefits from the first year of construction and full benefits after year two. The driving factors for project costs are land values and cost of materials.

FISCAL YEAR 2011: The project is not in the FY 2011 President's budget.

Division: South Pacific

District: Sacramento

Hamilton City, California

FISCAL YEAR 2012: The requested amount will be applied as follows:

| | |
|---|--------------|
| Acquisition and propagation of plants and installation; establishment for approximately half of restoration area | \$ 8,000,000 |
| Total | \$8,000,000 |

NON-FEDERAL COST: In accordance with the cost sharing and financing concepts reflected in the Water Resources Development Act of 1986 the non-Federal sponsor must comply with the requirements listed below (

| | Payments During Construction And Reimbursements | Annual Operation Maintenance, Repair, Rehabilitation, and Replacement Costs |
|--|---|--|
| Requirements of Local Cooperation | | |
| Provide lands, easements, rights of way, and borrow and excavated or dredged material disposal areas, which are partially offset by a credit allowed. | \$16,400,000 | |
| Modify or relocate utilities, roads, bridges (except railroad bridges), and other facilities, where necessary in the construction of the project. | 720,000 | |
| Pay 2 percent of the costs allocated to ecosystem restoration to bring the total non-Federal share of ecosystem restoration costs to 35 percent, and bear all costs of operation, maintenance, repair, rehabilitation and replacement of flood control and ecosystem restoration facilities. | 1,180,000 | |
| Total Non-Federal Costs | \$18,300,000 | |

The non-Federal sponsor has also agreed to make all required payments concurrently with project construction.

STATUS OF LOCAL COOPERATION: Project Partnership Agreement (PPA) scheduled to be signed in December 2011. The project is authorized for construction by the Water Resources Development Act (WRDA) of 2007 at a total first cost of \$52,400,000. The cost sharing for construction of the project will be 65 percent Federal and 35 percent non-Federal in accordance with WRDA 1996.

Division: South Pacific

District: Sacramento

Hamilton City, California

COMPARISON OF FEDERAL COST ESTIMATES: The current Federal first cost estimate of \$34,100,000 is the same as the latest estimate presented to congress (FY2011).

STATUS OF ENVIRONMENTAL IMPACT STATEMENT: A combined Environmental Impact Statement/Environmental Impact Report (EIS/EIR), along with the Final Feasibility Report, was completed in July 2004.

OTHER INFORMATION: The district is finalizing an Limited Reevaluation Report (LRR) by September 2011 focusing on updating costs and benefits. Findings show that there are some minor scope refinements resulting in savings to costs. The LRR will result in a refined down feasibility study contingencies and costs that are within the original authorized project cost; thus the 902 limit is fully intact

