



## **County of Santa Cruz Board of Supervisors**

### **Agenda Item Submittal**

**From:** Office of Response, Recovery and Resilience

**Subject:** USDA Emergency Watershed Protection Program - Spring 2025

**Meeting Date:** April 8, 2025

**Formal Title:** Adopt resolution accepting unanticipated revenue in the amount of \$4,843,922 to conduct emergency streambank stabilization repair work through the United States Department of Agriculture (USDA) Emergency Watershed Protection (EWP) Program, and take related actions

### **Recommended Actions**

1. Accept and file this report on the status of the Emergency Watershed Protection (EWP) program in Santa Cruz County;
2. Adopt resolution accepting and appropriating unanticipated revenue in the amount of \$4,843,922 from the U.S. Department of Agriculture and participating landowners for implementation of the EWP program in Santa Cruz County;
3. Direct the Office of Response, Recovery & Resilience (OR3) to return to the Board on or before November 18, 2025 to provide an update on implementation of this program.

### **Executive Summary**

Santa Cruz County was previously awarded \$3,766,125 through U.S. Department of Agriculture's Natural Resources Conservation Service (NRCS) Emergency Watershed Protection (EWP) Program to implement repair measures at up to 15 eligible private residences threatened by bank failures that occurred during the 2022-2023 Atmospheric River Storms (DR-4699). Following receipt of formal construction bids, OR3 staff have submitted funding requests resulting in two formal amendments to the original EWP funding agreement totaling \$3,825,296 in additional federal funding to cover eligible technical assistance costs plus 75% of construction expenses. Prior to the 2025 calendar year construction season, participating homeowners will be expected to deposit an additional \$1,018,626 to cover the remaining 25% of project cost share.

This memo provides a status update on the project and seeks authorization from the Board of Supervisors to accept and appropriate \$4,843,922 in additional grant revenue and homeowner deposits into the OR3 budget for fiscal year 2024-2025.

### **Discussion**

The NRCS Emergency Watershed Protection (EWP) Program provides federal funding to help communities reduce risks to life and property from watershed impairments caused by natural disasters. During recovery from the 2022-2023 storms, the Office of Response, Recovery & Resilience (OR3) and CDI Environmental Planning identified 15 private residences eligible for slope stabilization projects through the EWP Program. Project sites are located along rivers and creeks throughout the county, distributed across Supervisorial District 5 (10 projects), District 1 (3 projects) and District 2 (2 projects). Many affected properties predate modern stream setback requirements, and

the cost and permitting complexity of these stabilization efforts highlight the ongoing challenges of maintaining vulnerable legacy development in sensitive riparian areas.

Under the program, NRCS reimburses 75% of eligible construction costs, while the remaining 25% is funded by property owners. A separate Technical Assistance (TA) budget, reimbursable at 100%, supports County staff time for project management, contract administration, and permitting. As the local sponsor under a Cooperative Agreement with NRCS, the County acts as the grant recipient agency—executing contracts, overseeing implementation, and seeking reimbursement upon project completion.

The County's initial EWP award for \$3,766,125, executed in August 2024, was based on preliminary cost estimates. As formal construction bids were developed through the County's Job Order Contracting (JOC) program, project costs were more accurately defined, resulting in a need for additional grant support. OR3 submitted two funding increase requests to the USDA—one in August 2024 and another in January 2025—to reflect updated costs.

During the early weeks of the federal spending freeze triggered by executive orders, both supplemental funding requests remained pending, placing the entire project at risk. Without additional federal support, homeowner contributions would have risen from 25% to upwards of 44% of total construction costs—an amount that would have been financially unfeasible for most participants.

Thanks to coordinated advocacy by our federal legislative delegation and persistence by County staff, both funding requests were ultimately approved. The additional support has been formalized through executed Notices of Agreement (NOAs) with NRCS, totaling \$3,825,296—including \$3,055,878 in Financial Assistance (FA) for construction and \$769,418 in Technical Assistance (TA) for project administration.

OR3 has adjusted the required property owner contributions to maintain the 25% cost share under the terms of the new agreement. Additionally, certain owner-held costs—such as inspections and required restoration—were accounted for in our latest funding request and are eligible for up to 75% reimbursement if contracted separately by owners. As of March 2025, 12 property owners remain active participants, with 3 owners opting out due to financial or technical challenges. Construction is scheduled to occur between April 15, 2025, and October 15, 2025, in alignment with environmental permits and seasonal work windows.

The increased TA budget, which is 100% reimbursable, will fund County staff time, fees for construction project management, JOC contract administration, and biological monitoring to fulfill state and federal permit requirements. Upon project completion in fall 2025, the County will apply for California Disaster Assistance Act (CDAA) reimbursement, which may cover up to 75% of the local 25% match (18.75% of total construction costs). If CDAA reimbursement for the project as a whole is secured final owner project cost share may decrease.

## **Financial Impact**

Approval of this item will authorize acceptance and appropriation of an additional

\$3,825,296 in anticipated federal revenue (*GL Key 186100 / GL Object 41060*) and \$1,018,626 in local property owner contributions (*GL Key 186100 / GL Object 42372*) to cover increased project costs and technical assistance for the Emergency Watershed Protection (EWP) Program. These funds will be appropriated into the OR3 Fiscal Year 2024-2025 budget to fund expenses for construction and technical assistance (*GL Key 186100 / GL Object 62381*) for slope stabilization projects protecting 13 private residences impacted by the 2022-2023 storms.

The table below summarizes the total EWP Program funding to date, including the initial award and subsequent amendments:

Agreement (Date Executed by NRCS)	Total Approved Budget	Federal – Construction (FA) (75%)	Required Local Match (25%)	Federal – Technical Assistance (TA) (100%)
Original Agreement (8/23/2024)	\$4,907,375.00	\$3,423,750.00	\$1,141,250.00	\$342,375.00
Amendment 2 (2/24/2025)	\$6,963,149.82	\$4,858,011.50	\$1,619,337.17	\$485,801.15
Amendment 3 (3/7/2025)	\$9,751,296.53	\$6,479,627.54	\$2,159,875.85	\$1,111,793.14

The EWP Program reimburses 75% of eligible construction costs, with the remaining 25% funded through local property owner contributions. Technical Assistance (TA), which covers County staff time for project management, construction oversight, and biological monitoring required by permits, is 100% reimbursable by NRCS.

To mitigate financial risk, OR3 has executed Participation Agreements with each property owner. These agreements require owners to deposit their cost share prior to construction and clearly outline financial responsibilities if any portion of the work is deemed ineligible or not reimbursable by the federal government.

Based on the County's experience with the 2024 EWP project and current invoicing under this agreement, federal reimbursement turnaround time for submitted expenses has averaged 30 to 60 days.

Following project completion, the County will pursue California Disaster Assistance Act (CDAA) reimbursement, which may cover up to 75% of the local match (equivalent to 18.75% of total construction costs). Any CDAA funds received will be used to reduce participant local match amounts.

### **Strategic Initiatives**

Operational Plan - Comprehensive Health & Safety, Sustainable Environment

#### **Submitted By:**

David Reid, OR3 Director

#### **Recommended By:**

Carlos J. Palacios, County Administrative Officer

**Artificial Intelligence Acknowledgment:**

Chat GPT 4o, an Artificial Intelligence (AI) large language model tool, significantly contributed to the development of this agenda item, including Staff Report, in compliance with the County of Santa Cruz AI Appropriate Use Policy.