

September 20, 2021

Stu Townsley
Neil Hedgecock
San Francisco District, U.S. Army Corps of Engineers
450 Golden Gate Ave.
San Francisco, CA 94102

Subject: South San Francisco Bay Shoreline Project – Reaches 4 & 5

Dear Mr. Townsley and Mr. Hedgecock,

On August 11, 2021, staff and representatives from the San Jose-Santa Clara Regional Wastewater Facility (RWF) participated in the South San Francisco Bay Shoreline Phase I, Key Issues Meeting with you and your team as the Federal project sponsors, Valley Water as Non-Federal Sponsor, and other stakeholders to the South San Francisco Bay Shoreline project (Shoreline Project). This letter is to confirm the RWF's and City of San Jose's understanding of the reported status of the Shoreline Project, in particular Reaches 4 & 5, and the notice given to the RWF that project accommodations agreed upon to date are no longer necessary.

During the meeting, US Army Corps of Engineers (USACE) staff presented the results of the bid for Phase I Reaches 1-3, which came in significantly over budget, and that the schedule changes would result in starting construction in the next few months and completing in late 2023 or early 2024. It is understood that, as a consequence of the unanticipated cost impact of Reaches 1-3 on the total Shoreline Project budget, that USACE would now put the work on Reaches 4 & 5 on-hold for an undetermined amount of time.

It is further understood that the RWF was then advised by USACE that, with the now uncertainty of Reaches 4 & 5, it should move forward with its Capital Improvement Program (CIP) projects, irrespective of USACE's Shoreline Project schedule. In particular, the RWF could reconsider its scope and schedules for its Outfall Channel Improvements, Final Effluent Pump Station (FEPS), Legacy Lagoons Phase II, and RWF's Flood Management projects, all of which had been altered to accommodate the Shoreline Project.

As you are aware, the RWF has been an active stakeholder, collaborating with the Shoreline Project team to resolve technical and logistical challenges where possible. Among other actions, the RWF had modified its \$1.4B CIP project scope and schedules to avoid physical and timing conflicts with the Shoreline Project, and identified several easements for access, laydown, and stockpiling.

Additionally, the RWF expedited the first phase cleanup of the Legacy Lagoons project to make land and berm material in lagoons 16-19 available to the realignment of the Shoreline Project; and entered into negotiations with Valley Water for the transaction of Pond A-18, which was intended to be part of the overall Shoreline Project implementation strategy. Therefore, it is now understood that none of these accommodations are necessary and that the RWF can proceed with its initial plans and operations with its sole interest in mind.

If the RWF's understanding is correct, it is disappointed to hear that the extensive resources put forth by all parties to support this very important project may now be for naught. Moreover, a greater concern for the City is with the potential consequential impacts and risks that an incomplete Shoreline Project presents to the community of Alviso and North San Jose. As such, beyond requesting confirmation of the RWF's understanding noted above, the City also requests information on how the uncertain status of Reaches 4 & 5 affects the intended purpose of the Shoreline Project to protect the south bay from sea level rise, and what steps are planned to attempt to complete the full project as originally planned.

We look forward to hearing from you so that the RWF and City can begin to move forward accordingly. But also know that the RWF and City are eager to continue working together and supporting USACE and Valley Water to find ways to continue this important project.

Respectfully,

Kerrie Romanow

Kerrie Romanow, Director
City of San José, Environmental Services Department

cc: Gary Welling, Director of Water and Sewer Utilities - City of Santa Clara
Rechelle Blank, Deputy Operating Officer - Valley Water
Lee Wilcox, Assistant City Manager - City of San Jose
Nanci Klein, Director of Economic Development – City of San Jose