



CALIFORNIA STATE AUDITOR

Elaine M. Howle, State Auditor

FACT SHEET

Date: **November 1, 2007**

Report: **2007-108**

The California State Auditor released the following report today:

Department of Water Resources

Its Administration of Grants Under the Flood Protection Corridor Program Needs Improvement

BACKGROUND

In March 2000 California voters approved a bond act that, among other things, established a flood protection program—the Flood Protection Corridor Program—and authorized the Department of Water Resources (Water Resources) to manage and grant \$57 million of bond funds for flood protection projects to local governments and nonprofit organizations, and provided \$5 million to the city of Santee. By the summer of 2001, Water Resources had awarded funds to five projects with 49 percent of the funding available and, two years later, awarded the remaining funds through 14 grants. Two recent bond measures approved by voters in November 2006 give Water Resources \$330 million more in funding for flood protection projects.

KEY FINDINGS

Our review of the flood protection program revealed several issues including that Water Resources:

- Awarded \$28 million in grants to fund five projects using a weak selection process and poorly defined criteria. Water Resources could not demonstrate the benefits of funding certain projects over others.
- Has yet to implement a tangible flood protection project on Staten Island in the six years since the island was acquired. At a total grant of nearly \$17.6 million, Staten Island is the flood protection program's most expensive acquisition and may not result in a tangible flood protection project.
- Made funding decisions for \$29.1 million in competitive grants based on incomplete information.
 - In some cases, required hydrologic studies were never obtained or were obtained after projects were awarded.
 - Evidence of willing sellers was lacking for most grants involving land acquisitions. In fact, one project awarded four years ago has yet to commence because the land has not been acquired.
- Has not adequately monitored the majority of its flood protection projects even though it established a framework for doing so. Project progress reports were incomplete, frequency of site visits fell short of goals, and monitoring of costs was inadequate.
- Did not resolve concerns raised by its own appraisal staff and by the Department of General Services, and may have paid more than fair market value for Staten Island.

KEY RECOMMENDATIONS

We made numerous recommendations to Water Resources with regard to improving how it awards and monitors grants for the flood protection program. We believe that these improvements are needed to better position Water Resources to administer the \$330 million in bond funds recently approved.

