THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
Yuba County Government Center, Board Chambers
915 Eighth Street, Suite 109A
Marysville, California

MAY 18, 2010 – 2:00 P.M.

CALL TO ORDER: Welcome to the Three Rivers Levee Improvement Authority (TRLIA) meeting. As a courtesy to others, please turn off cell phones, pagers, or other electronic devices which might disrupt the meeting. Thank you.

I  ROLL CALL – Directors Rick Brown, Jerry Crippen, Don Graham, Mary Jane Griego, John Nicoletti

II  CLOSED SESSION

A. Pending litigation pursuant to Government Code §54956.9(a) regarding TRLIA versus the following:
   i) Rice YCSCCVD 07-000063 ii) Heir Family YCSCCVD 08-0000242

B. Conference with Real Property Negotiators pursuant to Government Code §54956.8 - Property: APN 018-140-041 (Naumes) Negotiating Parties: Mike Churchill/Max Steinheimer/Scott McElhern/Bob Morrison/TRLIA Negotiation: Price and Terms of Payment

C. Conference with Real Property Negotiators pursuant to Government Code §54956.8 - Property: APN 018-190-085 (Rahul) Negotiating Parties: Mike Churchill/Max Steinheimer/Scott McElhern/Bob Morrison/TRLIA Negotiation: Price and Terms of Payment

III  PUBLIC COMMUNICATIONS: Any person may speak about any subject of concern provided it is within the jurisdiction of the Levee Improvement Authority and is not already on today’s agenda. The total amount of time allotted for receiving such public communication shall be limited to a total of 15 minutes and each individual or group will be limited to no more than 5 minutes. Prior to this time, speakers are requested to fill out a “Request to Speak” card and submit it to the Clerk of the Board of Supervisors.

IV  CONSENT AGENDA: All matters listed under the consent agenda are considered to be routine and can be enacted by one motion.

A. Approve minutes of the meeting of May 4, 2010.

V  ACTION ITEMS

A. Approve lease agreement with Yuba County Office of Education in the approximate amount $32,605.80 through December 2011 and authorize the Chairman to execute lease upon review and approval of Counsel.

B. Approve Amendment No. 12 to agreement with GEI in the amount of $860,948 for construction and project management and authorize the Executive Director to execute same.


VI  BOARD AND STAFF MEMBERS’ REPORTS

VII  ADJOURN
The complete agenda, including backup material, is available at the Yuba County Government Center, 915 8th Street, Suite 109, the County Library at 303 Second Street, Marysville, and www.trlia.org. Any disclosable public record related to an open session item on the agenda and distributed to all or a majority of the Board of Directors less than 72 hours prior to the meeting are available for public inspection at Suite 109 during normal business hours.

In compliance with the American with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need disability-related modifications or accommodations to participate in this meeting, please contact the Clerk of the Board's office at (530) 749-7510 or (530) 749-7353 (fax). Requests must be made one full business day before the start of the meeting.
A meeting of the Board of Directors of the Three Rivers Levee Improvement Authority (TRLIA) was held on the above date, commencing at 3:32 p.m., within the Government Center, Marysville, California, with a quorum being present as follows: Directors Rick Brown, Don L. Graham, Mary Jane Griego, and John Nicoletti. Director Jerry Crippen was absent. Also present were Executive Director Paul Brunner, Counsel Max Steinheimer, and Clerk of the Board of Supervisors/Secretary Donna Stottlemeyer. Chair Griego presided.

I ROLL CALL – Directors Rick Brown, Jerry Crippen, Don Graham, Mary Jane Griego, John Nicoletti – Director Crippen absent.

II PUBLIC COMMUNICATIONS: No one came forward.

III CONSENT AGENDA: All matters listed under the consent agenda are considered to be routine and can be enacted by one motion.

MOTION: Move to approve MOVED: John Nicoletti SECOND: Rick Brown
AYES: Rick Brown, Don Graham, Mary Jane Griego, John Nicoletti
NOES: None ABSTAIN: None ABSENT: Jerry Crippen

A. Approve minutes of the meeting of April 20, 2010. Approved

IV ACTION ITEMS

A. Approve agreements with AMEC Geomatrix, Inc., David T. Williams and Associates Engineers, LLC, and Donald H. Babbit to provide review of final certification summary report for FEMA certification of the Reclamation District 784 levee system and authorize the Executive Director to execute same.

Counsel Max Steinheimer recapped contract inclusions, terms, scope of work, and indemnification provision. Executive Director Paul Brunner recapped the benefit of independent review of the certification work and responded to Board inquiries.

MOTION: Move to approve MOVED: John Nicoletti SECOND: Rick Brown
AYES: Rick Brown, Don Graham, Mary Jane Griego, John Nicoletti
NOES: None ABSTAIN: None ABSENT: Jerry Crippen

V BOARD AND STAFF MEMBERS’ REPORTS: Reports were received on the following:

Director Griego: Cap to Cap Conference in Washington DC regarding FEMA meeting on flood protection

Executive Director Paul Brunner:
- Teichert Construction working to degrade old levee system
• Workshop on Goldfields issue regarding 200 year protection
• Response to Frances Hofman and Gene Ginochio regarding comments on the final study for the Upper Yuba River levee Improvement Project
• Central Valley Flood Protection Board meeting regarding Section 104 and 408 permit process approval
• May 6th meeting with developers regarding FEMA issues and flood insurance

VI ADJOURN: 4:22 p.m. by Chair Griego.

ATTEST: DONNA STOTTEMEYER
CLERK OF THE BOARD OF SUPERVISORS
AND SECRETARY OF THE PUBLIC AUTHORITY

Approved: ________________________

Chair
May 18, 2010

TO: Three Rivers Levee Improvement Authority Board
FROM: Paul G. Brunner, Executive Director
       Leslie Wells, Executive Assistant
SUBJECT: TRLIA Office Lease Agreement Extension

Recommended Action:

Approve the proposed Three Rivers Levee Improvement Authority office lease extension and authorize the Chairman to sign a new lease agreement with Yuba County Office of Education.

Discussion:

The current lease with the Yuba County Office of Education expires on December 31, 2010. The need to acquire additional office space prompts the early renewal of the lease agreement. The additional office space would be used by TRLIA financial consultant, Seth Wurzel, Capitol Public Finance Group, to work from and also provides TRLIA with needed additional storage space. The proposed lease extension would allow Three Rivers Levee Improvement Authority office to remain at the One Stop Center for Business and Workplace Development located at 1114 Yuba Street, Marysville, CA until December 31, 2011. The terms and conditions of the lease extension are the same as the current lease.

The current space that is leased area has two office spaces, a file storage area and a conference room the proposed lease extension would include 170 sq.ft. of additional office and common area space for a total of 1909 sq.ft. of leased space.

Fiscal Impact:

The cost of the proposed lease extension is $1.35 per square foot through December of 2011 and the new monthly lease amount would be $2,717.15 which includes the monthly security charges. The estimated yearly cost is $32,605.80 and is within the approved budget amounts.
GROSS LEASE
BETWEEN YUBA COUNTY OFFICE OF EDUCATION
AND THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
1114 Yuba Street, Marysville, California

Recitals

Section 1. Lease
Section 2. Warranty by Landlord
Section 3. Term
Section 4. Renewal Extension Option
Section 5. Holding Over
Section 6. First Refusal
Section 7. Rent
Section 8. Service, Utilities and Supplies
Section 9. Use of Premises
Section 10. Insurance
Section 11. Insurance for Tenant’s Personal Property
Section 12. Indemnification
Section 13. Assignment and Subletting
Section 14. Other Provisions of Lease
Section 15. No Broker
Section 16. Notices
Section 17. Successors and Assigns
Section 18. Entry
Section 19. Late Charge and Interest
Section 20. Compliance with Legal Requirements; Tenant’s Obligations
Section 21. Environmental Certification
Section 22. Parking
Section 23. Attorney Fees
Section 24. Entire Agreement
Section 25. Time of Essence
Section 26. Governing Laws

Exhibit “A” Rentable Area Reference Plan Drawing
Exhibit “B” Space Allocation Sheets
Exhibit “C” Technical Support of Computers, Phone Systems, and Security Systems
Exhibit “D” C.B.W.D. Rules

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This Lease ("Lease") is made between RICHARD D. TEAGARDEN, the Yuba County Superintendent of Schools, solely in his official capacity as an elected public official of Yuba County, California (Landlord), and the THREE RIVERS LEVEE IMPROVEMENT AUTHORITY.

Recitals

Landlord is the authorized agent of the Yuba County Board of Education, ("Owner") the real property located in the City of Marysville, County of Yuba, State of California, described as One Stop Center for Business and Workforce Development ("Premises").

Section 1. Lease.

Landlord leases to Tenant on the terms and conditions in this Lease the following portion of the Premises:

Portions of a two-story office building located on Premises as set forth in Exhibit "A", attached hereto and by reference incorporated herein, and more specifically referred to as One Stop Center for Business and Workforce Development located at 1114 Yuba Street, Marysville, California.

Section 2. Warranty by Landlord.

Landlord warrants to Tenant that the Landlord is an authorized agent of the Owner and is empowered to enter into this Lease agreement on the Owner’s behalf.

Section 3. Term

The term of this Lease will commence on the latter of June 1, 2010, or when Tenant obtains required approval of the Three Rivers Levee Authority Board for leasing space of the subject office building to be occupied by Tenant, (Commencement Date), and ends on December 31, 2011 (Termination Date) (Term), unless terminated sooner in accordance with the provisions of this Lease. If the Term commences on a date other than the Commencement Date, Landlord and Tenant will execute a memorandum setting forth the actual date of commencement of the Term. Upon Tenant’s possession of the Premises (Possession), tenancy will continue in accordance with terms of the lease until the Termination Date of this lease.
Section 4. Renewal Extension Option.

Landlord grants to Tenant the option to negotiate a new Lease upon written notification of intent to renew the Lease to Landlord from Tenant at least ninety (90) days prior to the Termination Date of this Lease. Tenant's privilege to exercise this option is expressly conditioned upon Tenant not having previously defaulted on the terms of the Lease, not being in default at the time the option is exercised, and not being in default between the time the option is exercised and the start of the new lease term.

Section 5. Holding Over.

Any holding over after the expiration of the Term of this Lease, with the consent of Landlord, shall be construed to be a tenancy from month-to-month, cancelable upon ninety (90) days written notice, with a Monthly Rent as existing during the last year of the Term of this Lease, and upon terms and conditions as existing during the last year of the Term of this Lease, until a new Lease is negotiated. Any holding over after the expiration of the Term, without the consent of Landlord, shall be construed to be a tenancy-at-will at a Monthly Rent of two hundred percent (200%) but otherwise on the terms and conditions in this Lease.

Section 6. First Refusal.

If the Landlord elects to lease any space in the Premises other than that space presently occupied by Tenant, then Landlord shall first offer such space in writing to the Tenant and Yuba County Health and Human Service Department whom is a Co-Tenant within the lease space with the Tenant. Lease space will be offered on terms and conditions no less favorable than those offered in their original lease agreement. The election of occupancy by Co-Tenants will be on a "first come first serve" notification basis. If within ten (10) working days after receipt of such offer, either Tenant does not notify Landlord in writing that Tenant elects to lease such space, Landlord shall be relieved of any obligations to either Tenant with regard to any such offering. If Tenant elects to lease space in accordance with the terms herein, Landlord shall allow the Tenant forty-five additional days to obtain necessary approvals to consummate lease.
Section 7. Rent

Commencing on the Commencement Date, the Tenant shall pay monthly, in advance, a rent ("Monthly Rent") without notice or demand, as set forth below:

(a) The Term of the Lease commencing from the date that Landlord delivers possession of the entire Premises and ending December 31, 2011, the Monthly Rent shall be computed at one dollar and thirty cents ($1.35) per Square Foot for 1,909 square feet of rentable completed office space.

(b) The second year period of the Term of the Lease shall be computed at one dollar and thirty-five cents ($1.35) per Square Foot for 1,909 square feet of rentable completed office space adjusted for the CPI based on the official rate set as of February 2011.

The 1,909 square feet of rentable completed Tenant office space is set forth in Exhibit "A" - Rentable Area Reference Plan Drawing and Exhibit "B" - Space Allocation Sheets. The Monthly Rent includes base lease space rental for the Premises, and services, utilities, supplies and maintenance as set forth in more detail in Section 8. of this Lease.

The Monthly Rent including security is $2,717.15 and shall be payable on the Commencement Date and continuing thereafter on the first day of each month. Monthly Rent payment shall be delivered to the following address: 935 Fourteenth Street, Marysville, California 95901, or at another address that Landlord may from time to time designate by written notice to Tenant. If the Term begins or ends on a day other than the first or last day of a month, the rent for the partial months will be prorated on a per diem basis.

Section 8. Services, Utilities and Supplies.

Landlord, at Landlord’s sole cost and expense, during the term of this lease, shall furnish the following services, utilities, and supplies to the areas leased by the Tenant:
(a) Elevator service.
(b) Maintenance of Premises in good operating condition and appearance to include, but not necessarily limited to, the following:
   1) Furnishing and promptly replacing any inoperative light
bulbs, fluorescent tubes, ballast, starters, and filters for the heating, ventilating and air conditioning equipment as required.

2) Furnishing remedial painting as necessary to maintain the premises in a neat and clean condition.

3) Furnishing prompt, good quality repair of the building, equipment, and appurtenances.

4) Annual testing and maintenance of all fire extinguishers in or adjacent to the leased premises.

(c) Security monitoring service with access fobs and security codes. Gross lease services do not include physical on-site security services.

(d) Janitorial services sufficient to maintain the interior in a clean well-maintained condition to the greatest practical degree possible, by more specially performing the following:

*Daily:*

1) Empty and clean all trash containers, and dispose of all trash and rubbish.

2) Clean and maintain in a sanitary and odor-free condition all floors, wash mirrors, basins, toilet bowls and urinals.

3) Furnish and replenish all toilet room supplies (including soap, towels, seat covers, and toilet tissue.)

4) Clean and damp-mop reception area daily.

5) Carpet sweep all carpeted areas

* Extent of janitorial services dependent on Tenant spaces being kept in a manner whereby surfaces and areas to be cleaned can be accessed without moving and replacing personal items and equipment.

*Twice Weekly:*

1) Vacuum all carpets.

2) Dust the tops of all furniture, counters, cabinets, and window sills

*As Needed:*

1) Spot clean all walls

2) Sweep parking areas and sidewalks

3) Dust all window blinds

4) Strip all hard surface floors and apply a new coat of floor finish; buff as necessary to produce a uniformly shining appearance.

5) Wash all windows, window blinds, light fixtures, walls and
6) Steam clean carpets to remove all stains and spots

The utility baseline expenses incurred by the Landlord are established at the Commencement Date. The Tenant’s Commencement Date baseline utility costs are established at an averaged monthly cost of $0.20 per square foot of rentable area leased per month. Baseline utility expense rate established covers the Tenant’s share of the Landlord’s utility costs related to electric, gas, water, sewer and garbage in providing the services and utilities, as set forth below:

(a) Sewer, trash disposal, and water service including both hot and cold water to the lavatories.
(b) Electricity and/or gas as necessary to provide power for heating, ventilating, and air conditioning.

Landlord reserves the right to adjust the Monthly Rent upwards in the event of an increase in the established baseline utility costs. For purposes of this section, an increase in utilities costs means a cumulative increase in any such charges in excess of five percent (5%) aggregate over the term of the Lease. Utility increases shall be documented and solely reflect the increase in costs of utility operation of the Premises.

Landlord shall make available a telephone system for the Premises. There is an initial $500.00 one-time licensing and set-up fee for phone systems. Tenant shall utilize said telephone system and receive local area phone service at Landlord’s expense. Landlord shall make available a local area cabling network for computers from the Tenant’s space to a shared Computer Room on the Premises. Landlord shall provide technical and support services for phone system and building Security Systems in accordance with Exhibit “C”.

Section 9. Use of Premises.

The Premises will be used and occupied only for office, classroom, and education purposes in accordance with both this Agreement and the Center for Business and Workforce Development (C.B.W.D.) Rules as set forth in Exhibit “D”, and for any necessary and related use or purpose, and for no other use or purpose. Any extended use of the Premises beyond the Tenant’s normal business hours shall result in a pro rata increase in rental assessments to compensate Landlord for such extended use. Tenant’s normal business hours shall be deemed to be 7:00am to 6:30pm Monday through Friday. Tenant shall maintain the Premises in a professional manner and
appearance. This does not alter in any fashion any obligation of Landlord to maintain the Premises and the common areas of the Premises. Tenant shall not undertake any remodeling, redecoration, or alteration, including painting and wall coverings, to the Premises without first receiving Landlord's written permission.

Section 10. Insurance

For the mutual benefit of Landlord and Tenant, Tenant shall, during the term of this lease, cause to be issued and maintained public liability insurance in the sum of at least $1,000,000 for injury to or death of one person, and $3,000,000 for injury to or death of more than one person in anyone accident, insuring the Tenant against liability for injury and/or death occurring in or on the Premises or the common areas. Landlord shall be named as an additional insured and the policy shall contain cross-liability endorsements. The Tenant shall maintain all such insurance in full force and effect during the entire term of this Lease and shall pay all premiums for the insurance. Tenant shall furnish the Landlord a current copy of their public liability insurance policy to be maintained on file by the Landlord. Subsequent insurance premium renewals shall be provided the Landlord upon renewal. Such liability insurance, including the deductible, may be maintained as part of or in conjunction with any other insurance coverage carried by Tenant and may be maintained in the form of self-insurance by Tenant.

Section 11. Insurance for Tenant's Personal Property.

Tenant agrees at all times during the term of this Lease to keep, at Tenant's sole expense, all of Tenant's personal property, including trade fixtures and equipment of Tenant that may be on or in the Premises from time to time, insured against loss or damage by fire and by any peril included within fire and extended coverage insurance for an amount that will insure the ability of Tenant to fully replace the personal property, trade fixtures, and equipment or, in the alternate, Tenant shall waive any claim against Landlord for any such loss or damage.

Section 12. Indemnification

Each party to this Lease shall indemnify and hold harmless the other party from any and all claims or liability for any injury or damage to any person or property whatsoever occurring in, on, or
about the Premises when that injury or damage was caused in part or in whole by the act, neglect, fault of, or omission of any duty by the party, its agents, servants, employees, or invitees.

Section 13. Assignment and Subletting

Tenant will not assign this Lease or further sublet all or any part of the Premises without the prior written consent of Landlord. Tenant further agrees that it shall not assign or sublet all or any part of the Premises to any party other than a public, governmental, or municipal entity.

Section 14. Other Provisions of Lease

Landlord reserves the right to terminate the Lease in the event of the partial or total damage, destruction, or condemnation of the Premises or the building or project of which the Premises are a part. The exercise of this right by Landlord will not constitute a default or breach, and the parties will be relieved of any further liability or obligation under this Lease.

Section 15. No Broker.

Landlord and Tenant each warrant that they have not dealt with any real estate broker in connection with this transaction. Landlord and Tenant each agree to indemnify, defend, and hold the other harmless against any damages incurred as a result of the breach of the warranty contained in this Section.


All notices and demands that may be required or permitted by either party to the other will be in writing. All notices and demands by the Landlord to Tenant will be sent by United States Mail, postage prepaid, addressed to the Tenant at the Premises, and to the address in this Lease below, or to any other place that Tenant may from time to time designate in a notice to the Landlord. All notices and demands by the Tenant to Landlord will be sent by United States Mail, postage prepaid, addressed to the Landlord at the address in this Lease, and to any other person or place that the Landlord may from time to time designate in a notice to the Tenant.

To Landlord: RICHARD D. TEAGARDEN
Yuba County Superintendent of Schools
935 Fourteenth Street
Marysville, California 95901

To Tenant: Paul G. Brunner, Director
TRLIA
1114 Yuba St, Suite 218
Marysville, CA 95901

Section 17. Successors and Assigns.

This Lease will be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.

Section 18. Entry

Landlord reserves the right to enter the Premises on reasonable notice to Tenant to inspect the Premises or the performance by Tenant of the terms and conditions of this Lease and, during the last six months of the Term, to show the Premises to prospective Tenants. In an emergency, no notice will be required for entry.

Section 19. Late Charge and Interest.

The late payment of any Monthly Rent will cause Landlord to incur additional costs, including the cost to maintain in full force the Lease, administration and collection costs, and processing and accounting expenses. If Landlord has not received any installment of Monthly Rent within five (5) days after that amount is due, Tenant will pay five percent (5%) of the delinquent amount, which is agreed to represent a reasonable estimate of the cost incurred by Landlord. In addition, all delinquent amounts will bear interest from the date the amount was due until paid in full at a rate as established by applicable California law. In no event will the Applicable Interest Rate exceed the maximum interest rate permitted by law that may be charged under these circumstances. Landlord and Tenant recognize that the damage Landlord will suffer in the event of Tenant's failure to pay this amount is difficult to ascertain and that the late charge and interest are the best estimate of the damage that Landlord will suffer. If a late charge becomes payable for any three (3) installments of Monthly Rent within any twelve (12) month period, the Monthly Rent will automatically become payable quarterly in advance.
Section 20. Compliance with Legal Requirements; Tenant's Obligations.

(a) Compliance with Legal Requirements. At Landlord's sole cost, Landlord will promptly comply with all laws, statutes, ordinances, rules, regulations, orders, recorded covenants and restrictions, and requirements of all municipal, state, and federal authorities now or later in force, including, but not limited to all provisions of the Americans with Disabilities Act; the requirements of any board of fire underwriters or other similar body now or in the future constituted; and any direction or occupancy certificate issued by public officers (Legal Requirements), insofar as they relate to the construction, condition, use, or occupancy or the Premises.

(b) Tenant's Obligations. Tenant will comply in a timely manner with all Legal Requirements that are not Landlord's responsibility under this Section to the extent that noncompliance would adversely affect Landlord's use or occupancy of the Premises.

(c) The judgment of any court of competent jurisdiction or Landlord's admission in any action or proceeding against Landlord that Landlord has violated any Legal Requirement in the condition, use, or occupancy of the Premises will be conclusive of that fact as between Tenant and Landlord.

Section 21. Environmental Certification.

Landlord certifies to Tenant that Landlord has complied with all applicable Environmental Laws and the requirements of all applicable Agencies and that no soil or groundwater contamination has occurred on or under or originated from the Premises.

Section 22. Parking.

Landlord shall, at Landlord's sole cost and expense, provide Tenant four (4) assigned numbered parking spaces adjacent to the Building in which the Premises is located. Building parking spaces are assigned at a ratio of 1:397 square feet of rentable square footage. Forty-seven unassigned visitor parking spaces and handicap parking sufficient to comply with municipal codes shall be provided to the Building in addition to parking spaces assigned Building Tenants.
Section 23. Attorney Fees.

If either party brings an action to enforce or declare rights hereunder, the prevailing party in action shall be entitled to reasonable attorney fees fixed by the court.

Section 24. Entire Agreement.

This Lease and the C.B.W.D. Rules for the Office Building set forth all the agreements between Landlord and Tenant concerning the Premises, and there are no agreements, either oral or written, other than as set forth in this Lease.

Section 25. Time of Essence.

Time is of the essence in this Lease.


This Lease will be governed by and construed in accordance with California law. In the event of any litigation arising from this Lease, the parties agree that any such dispute shall be submitted to the jurisdiction of the courts of Yuba County, State of California.

In Witness Whereof, the parties have executed this Lease as of the date first above written.

Tenant: ___________________________ Date: ______________
Chairman of the Board
Three Rivers Levee Improvement Authority

Landlord: ___________________________ Date: April 22, 2010
RICHARD D. TEAGARDEN
Superintendent of Schools
Yuba County Board of Education

APPROVED AS TO FORM:

Scott Shapiro
TRLIA, General Counsel
EXHIBIT “C”
Gross Lease Between Yuba County Office of Education & Three Rivers Levee Improvement Authority
Technical Support of Computers, Phone Systems and Security Systems

Landlord provides technical support to Tenant within the One Stop Premises. Landlord’s technician coordinates and supports Tenant on computer network cabling, security monitoring systems, and phone systems issues as listed below:

Technical Support of Computers, Phone Systems and Security Systems Services-
1. Inclusions:
   a. Except as otherwise stated, partner under this lease agreement is entitled to, and Landlord’s Technology Services Department will provide, repairs as listed below to maintain program and restore items to working condition if necessary:
      i. Internal phone programming
      ii. Installation and replacement of phones
      iii. Internal voice mail programming
      iv. Phone system maintenance and software updates
      v. Voice mail maintenance and software updates
      vi. Call accounting system maintenance and software updates
      vii. PRI trunk lines
      viii. DID numbers
      ix. Communication and coordination with telephone vendors
   c. Security Alarm:
      i. Programming of burglar alarm staff codes
      ii. Programming of security fobs for staff, issuance of fobs
      iii. Alarm – security system maintenance and software updates
   d. Infrastructure:
      i. Data/voice infrastructure cabling and patch panels
      ii. Data/voice drops
      iii. Data Room maintenance and security

2. Exclusions:
   a. The following are excluded from prepaid gross lease services and if provided by Landlord’s Technology Department, shall be deemed a billable service:
      i. Repair work caused by Tenant’s misuse of equipment
      ii. Operating supplies and accessories
      iii. Damages not caused by Landlord’s Technology Services Department, including, without limitation, damage caused by accident, transport, neglect or abuse, environmental conditions, or failure or fluctuation of electrical power, use of equipment in a manner for which it was not intended or designed, and failure to follow manufacturer’s recommendation for use.
      iv. Repairs or maintenance necessitated by attempted repairs not made by the Landlord’s Technology Services Department personnel, and
      v. Third parties components and external adapters
1. The sidewalks, halls, passages, exits, entrances, shopping malls, elevators, escalators, and stairways of the Buildings shall not be obstructed by any of the tenants or used for any purpose other than for ingress to and egress from their respective Premises. The halls, passages, exits, entrances, shopping malls, elevators, escalators, and stairways are not for the general public, and Landlord shall in all cases retain the right to control and prevent access to them by all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation, and interests of the Buildings and its tenants. However, nothing here shall be construed to prevent access to persons with whom any tenant normally deals in the ordinary course of business, unless these persons are engaged in illegal activities.

2. A sign, placard, picture, name, advertisement, or notice visible from the exterior of any tenant's Premises shall not be inscribed, painted, affixed, or otherwise displayed by any tenant on any part of the Building without the prior written consent of Tenant. Tenant will adopt and furnish to subtenants general guidelines relating to signs inside the Building on the office floors. Each tenant shall conform to these guidelines, but may request approval of Landlord for modifications, which will not be unreasonably withheld. All approved signs or lettering on doors shall be printed, painted, affixed, or inscribed at the expense of the tenant by a person approved by Landlord, which will not be unreasonably withheld. Material visible from outside the Building will not be permitted.

3. The Premises of each tenant shall not be used for the storage of merchandise held for sale to the general public or for lodging. No cooking shall be done or permitted by any tenant on the Premises, except that (a) each tenant may establish and operate a lunchroom facility for use by tenant's employees, and (b) each tenant may use and install food and beverage vending machines and Underwriters' Laboratory approved, microwave ovens and equipment for brewing coffee, tea, hot chocolate, and similar beverages, provided that adequate provisions are made for venting and control of odors and all facilities and equipment are in accordance with all applicable-federal, state, and city laws, codes, ordinances, rules, and regulations.

4. No tenant shall employ any person other than Landlord's janitorial service for cleaning the Premises, unless otherwise approved by Landlord. No person other than those approved by Landlord shall be permitted to enter the Building to clean it. No tenant shall cause any unnecessary labor because of carelessness or indifference in the preservation of good order and cleanliness. Janitor service will not be furnished on nights when rooms are occupied after 8:00 p.m., unless, by prior arrangement with Landlord, service is extended to a later hour for specifically designated rooms.

5. Landlord will furnish each tenant, free of charge, two keys to each door lock in the Premises. Landlord may make a reasonable charge for any additional keys. No tenant shall have any keys made.
No tenant shall alter any lock or install a new or additional lock or any bolt on any door of the premises without the prior consent of Landlord. The tenant shall in each case furnish Landlord with a key for any lock. Each tenant, upon the termination of the tenancy, shall deliver to Landlord all keys to doors in the Building that have been furnished to the tenant.

6. The freight elevator shall be available for use by all tenants in the Building, subject to reasonable scheduling as Landlord deems appropriate. The persons employed to move equipment in or out of the Building must be acceptable to Landlord. Landlord shall have the right to prescribe the weight, size, and position of all equipment, materials, furniture, or other property brought into the Building. Heavy objects shall, if considered necessary by Landlord, stand on wood strips of a thickness necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any property from any cause, and all damage done to the Building by moving or maintaining property shall be repaired at the expense of the tenant.

7. No tenant shall use or keep in the Premises or the Building any kerosene, gasoline, or inflammable or combustible fluid or material other than limited quantities reasonably necessary for the operation or maintenance of office equipment, and may not, without Landlord's prior approval, use any method of heating or air conditioning other than that supplied by Landlord. No tenant shall use or keep any foul, noxious, or hazardous gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building because of noise, odors, or vibrations, or interfere in any way with other tenants or those having business in the Building. No pets shall be kept in the Premises.

8. Landlord shall have the right, exercisable without notice and without liability to any Tenant, to change the name and street address of the Building.

9. Landlord reserves the right to exclude from the Building between the hours of 10:00 p.m. and 7:00 a.m., and at all hours on Saturdays, Sundays, and legal holidays, any person who does not present a proper access card or other identification as a tenant or an employee of a tenant, or who does not otherwise present proper authorization by a tenant for access to the premises. Each tenant shall be responsible for all persons for whom it authorizes access and shall be liable to Landlord for all acts of these persons. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In the case of invasion, mob, riot, public excitement, or other circumstances rendering an action advisable in Landlord's opinion, Landlord reserves the right to prevent access to the Building during the continuance of the circumstance by any action Landlord deems appropriate.

10. A directory of the Building will be provided to display the name and location of tenants, their subtenants, and a reasonable number of the principal officers and employees of tenants, and Landlord reserves the right to exclude any other names. Any additional name that a tenant desires to have added to the directory shall be subject to Landlord's approval and may be subject to a
11. No curtains, draperies, blinds, shutters, shades, screens, or other coverings, hangings, or decorations shall be attached to, hung, or placed in, or used in connection with any exterior window in the Building without the prior consent of Landlord. If consented to by Landlord, these items shall be installed on the office side of the standard window covering and shall in no way be visible from the exterior of the Building.

12. Messenger services and suppliers of bottled water, food, beverages, and other products or services shall be subject to reasonable regulations as may be adopted by Landlord. Landlord may establish a central receiving station in the Building for delivery and pick up by all messenger services, and may limit delivery and pick up at tenant Premises to Building personnel.

13. Each tenant shall see that the doors of the premises are closed and locked and that all water faucets or apparatus, cooking facilities, and office equipment, excluding office equipment required to be operative at all times, are shut off before the tenant or employees leave the Premises at night, so as to prevent waste or damage. For any default or carelessness in this regard the tenant shall be responsible for any damage sustained by other tenants or occupants of the Building or Landlord. On multiple tenancy floors, tenants shall keep the doors to the Building corridors closed at all times except for ingress and egress.

14. The toilets, urinals, wash bowls, and other restroom facilities shall not be used for any purpose other than that for which they were constructed. No foreign substance of any kind shall be thrown in them, and the expense of any breakage, stoppage, or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or invitees, have caused it.

15. Except with the prior consent of Landlord, no tenant shall sell, or permit the sale at retail, of newspapers, magazines, periodicals, theater tickets, or any other goods or merchandise to the general public in the Premises, nor shall any tenant carryon, permit, or allow any employee or other person to carry on the business of stenography, typewriting, or any similar business in or from the Premises for the service or accommodation of occupants of any other portion of the Building, nor shall the Premises of any tenant be used for manufacturing of any kind, or any business or activity other than that specifically provided for in the tenant's lease.

16. No tenant shall install any antenna, loudspeaker, or other device on the roof or exterior walls of the Building, without the prior written consent of the Tenant, a copy of which shall be provided to Landlord.

17. No motorcycles or motor scooters shall be parked or stored anywhere in the Building other than the designated parking area of the Premises and no bicycles may be parked or stored anywhere in the Premises, other than in facilities provided in the Common Area of the Building. Parking facilities shall be under the supervision and control of the Premises Facility Manager, subject to his reasonable supervision and control.

18. Hand trucks or other material handling equipment, except
those equipped with rubber tires and side guards, may not be used in any portion of the Building unless approved by Landlord.

19. Each tenant shall store refuse within that tenant's premises. No material of a nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of refuse in the city of Marysville without being in violation of any law or ordinance governing this disposal shall be placed in the refuse boxes or receptacles. All refuse disposals shall be made only through entryways and elevators provided for these purposes and at the times Landlord shall designate. The Premises shall not be used for storage without the prior written approval of the Premises Facility Manager, said approval shall not be unreasonably withheld.

20. Canvassing, peddling, soliciting, and handbills or any other written materials in the prohibited and each tenant shall cooperate to prevent occurrence.

21. The requirements of the tenants will be attended to only on application by telephone or in person at the office of the Building. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord.

22. Landlord may waive anyone or more of these Rules and Regulations for the benefit of any particular tenant, so long as Tenant's use of the Premises is not adversely affected by the waiver, and no waiver by Landlord shall be construed as a waiver of the Rules in favor of any other tenant, nor prevent Landlord from later enforcing any of the Rules against any of the tenants of the Building.

23. These Rules are in addition to, and shall not be construed to modify or amend, in whole or in part, the terms, covenants, agreements, and conditions of any lease of Premises in the Building.

24. To the extent permitted by law, Tenant shall prohibit the smoking of cigarettes, cigars, pipes and any other tobacco products within the Buildings and on the Premises.

The undersigned have read, understand, agree to, and have received a copy of the C.B.W.D. Rules.

[Signature]

Tenant Authorized Signatory: [Signature]

Dated: November 18, 2008
THREE RIVERS LEVEE
IMPROVEMENT AUTHORITY
1114 Yuba Street, Suite 218
Marysville, CA 95901
Office (530) 749-7841 Fax (530) 749-6990

May 18, 2010

TO: Three Rivers Levee Improvement Authority Board
FROM: Paul Brunner, Executive Director
Ric Reinhardt, Program Manager

SUBJECT: Approve Amendment 12 GEI Contract for Additional Construction Management due to Extended Construction Period; Additional Evaluation of Stained Soil on Naumes Property; Additional Cultural Monitoring; Additional Biological Monitoring; Preparation of a Construction Completion Report Addendum; Preparation of a Phase 1 Environmental Site Assessment Addendum; and Additional Project Management due to Extended Construction Period

Recommended Action:
Approve Amendment 12 for $860,948 to the existing contract with GEI for the TRLIA Phase 4, Feather River Setback Levee and authorize the executive director to sign and execute once General Counsel has reviewed and approved the amendment.

Discussion:
Since Amendment 11 was approved to the GEI contract in July 2009 the following additional items have come up that require this amendment: 1) additional construction management and project management efforts due to an extended construction period into 2010, 2) additional evaluation of stained soil on the Naumes Property needed for regulatory compliance, 3) additional cultural and biological monitoring efforts due to an extended construction period in 2010, 4) preparation of an addendum to the Construction Completion Report for Feather Segment 2 needed for FEMA certification, and 5) preparation of an addendum to the Phase 1 Environmental Site Assessment on properties to satisfy DWR Real Estate. These items are described below:

Additional Construction Management and Project Management due to Extended Construction Period: Contract Amendment No. 11 dated July 2009 increased GEI’s Construction Management (CM) and Project Management (PM) budgets to address CM and PM support to TRLIA through the construction season of 2009. The Segment 2 levee degrade and Wetlands Mitigation project were not completed in 2009, so construction and project management need to be extended approximately 6 additional months into 2010. The estimated cost for the PM and CM extended efforts is $564,800.

Additional Evaluation of Stained Soil on Naumes Property: In early 2009 stained soil with moderate petroleum odor was observed on Naumes property within the setback area. TRLIA developed an initial approach that included site characterization, then removal and disposal of the material by the setback levee contractor. In order to evaluate the condition of the soil and recommendations for disposal, GEI prepared a brief work plan, collected soil samples of the
stained soil and surrounding and underlying areas, conducted chemical laboratory analyses of the soil samples, and prepared a summary memorandum. The estimated cost for this work was $12,600 and was addressed in Amendment No. 11.

After developing the budget included in Amendment No 11, the scope of this effort was substantially increased to address TRLIA’s interest in obtaining Yuba County’s approval of a removal work plan and closure endorsement, as well as having Naumes sign the waste manifest for soil disposal. TRLIA’s legal counsel Downey Brand was placed in the lead and directed the TRLIA team for this effort, including directing GEI activities related to the stained soil. The increased level of effort beyond the assumptions in Amendment No. 11 included extensive coordination with Downey Brand, Yuba County, and Naumes representatives, additional site characterization, development of a second work plan to issue to Yuba County, and a completion report for submittal to Yuba County. GEI’s total actual cost for the stained soil removal was $39,208 or $26,608 more than the cost included in Amendment No. 11.

Additional Cultural and Biological Monitoring Efforts: Due to concerns expressed by Enterprise Rancheria to TRLIA regarding lack of Native American monitors at times the archeological monitoring was not required per the HPTP and MOU, TRLIA instructed the GEI team to allow continued Native American monitoring. In addition, TRLIA instructed the GEI team to continue providing a Native American monitor during setback levee construction and old levee degradation activities based on discussions between TRLIA and Enterprise Rancheria. TRLIA has also instructed the GEI team to continue providing the Native American monitors during the 2010 construction season for levee degradation activities. The costs for this additional monitoring for the additional Native American monitoring is $67,900.

Additional Biological Monitoring during Construction: Due to the construction work being extended into 2010 additional biological resource worker awareness training, surveys, and monitoring will be required. Initial activities prior to construction initiation have focused on surveys for nesting raptors, which are expected to be the critical biological resource constraint on levee degradation activities in 2010. The TRLIA team began evaluating potential raptor nesting sites in early 2010. As potential sites were identified, it became apparent that many nesting sites could substantially impact earthmoving operations if the standard raptor buffers were implemented. To address this issue, a meeting was held at the site with TRLIA’s construction manager, the assigned DFG biologist, and TRLIA’s biologist (from our sub-consultant EDAW). During the meeting it was agreed that full-time biological monitoring of raptor nests to monitor the effects of construction activities will be required in order to minimize raptor nest buffers and reduce construction impacts and resulting increased construction costs. Alternatively, construction could be delayed until after nesting birds have fledged, typically mid-July, or construction operations could be routed outside the nesting buffers. Either of these alternatives would likely increase construction costs many times the cost for biological monitors. The estimated cost of this on-going biological monitoring effort is $154,440. Total cost for additional environmental monitoring is $222,340.

Preparation of an Addendum to the Construction Completion Report for Feather Segment 2: The current scope assumes the preparation of one Construction Completion Report for the Feather River Levee Segment 2 construction project. However, due to the construction schedule extension into 2010 described above and the immediate need to certify the levee in April 2010 there was a need to prepare two construction completion reports. The first report was completed in May 2010 and described the completion of the setback levee in 2009, including the levee embankment, cutoff wall, stability berms, Pump Station No. 3, and associated work such as
drainage features. This report was submitted with the FEMA levee certification package. The second report will be an addendum to address the construction activities completed in 2010, including levee degradation, floodplain swale construction, borrow area backfilling and grading, and relief well construction. The estimated cost for preparing the construction report addendum is $36,200.

**Preparation of an Addendum to the Phase 1 Environmental Site Assessment (ESA):** TRLIA has requested that GEI prepare an addendum to the August 2007 Phase 1 ESA to incorporate additional property acquired by TRLIA based on negotiations with landowners. The purpose of the Phase 1 ESA addendum is to support TRLIA’s right-of-way acquisition and DWR compensation. The estimated cost is $11,000.

Amendment 12(Attached) is authorization to accomplish the efforts described above. It would increase GEI’s current contract by $860,948 for a total of $21,648,942. Greater detail on efforts and costs is described in Exhibit A of the attached Amendment 12. The Contract termination date has been revised to June 30, 2011.

**Fiscal Impact:**
The contract amendment would increase the existing contract by $860,948 for services on a time-and-expenses basis, to a maximum amount not exceeding a total contract of $21,648,942 for Design and CM Services without prior authorization by TRLIA. These additional services are within the State and Local funding agreement funding levels and will be paid for from TRLIA Program contingencies. Funding ($26,608) for the Naumes cleanup will come from local sources identified in the Feather River EIP funding agreement and is not eligible for State Prop 1E funds.

The billing rates for this amendment comply with the July 23, 2009 TRLIA Policy letter for consulting companies to maintain their FY 08/09 rate structure and not increase prices.

**ATTACHMENTS**

1. Amendment No. 12
2. Exhibit A to Amendment No. 12
AMENDMENT NO. 12

AGREEMENT FOR PROFESSIONAL SERVICES
FOR
PHASE 4 FEATHER RIVER LEVEE REPAIRS
BETWEEN
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY AND
BOOKMAN-EDMONSTON/GEI CONSULTANTS

THIS AMENDMENT TO AGREEMENT is made effective May 18, 2010, by and between Three Rivers Levee Improvement Authority ("TRLIA") and Bookman-Edmonston/GEI Consultants, a division of GEI Consultants, Inc. ("Contractor"), who agree as follows:

1. **Recitals.** This Amendment is made with reference to the following background recitals:

   1.1. Effective December 13, 2005, the parties entered into the Agreement for Professional Services relating to TRLIA’s Phase 4 Feather River Levee project with a contract value of $1,439,400.
   
   1.2. Effective April 25, 2006, the parties entered into Amendment No. 1 to the Agreement for Professional Services relating to TRLIA’s Phase 4 Feather River Levee Repair design in the amount of $3,082,240 for a total contract value of $4,521,640.
   
   1.3. Effective June 27, 2006, the parties entered into Amendment No. 2 to the Agreement for Professional Services relating to TRLIA’s Phase 4 Feather River Levee Repair design in the amount of $32,700 for a total contract value of $4,554,340.
   
   1.4. Effective October 30, 2006, the parties entered into Amendment No. 3 to the Agreement for Professional Services relating to TRLIA’s Phase 4 Feather River Levee Repair design in the amount of $262,500 for a total contract value of $4,816,840.
   
   1.5. Effective January 16, 2007, the parties entered into Amendment No. 4 to the Agreement for Professional Services relating to TRLIA’s Phase 4 Feather River Levee Repair design in the amount of $115,000 for a total contract value of $4,931,840.
   
   1.6. Effective April 3, 2007, the parties entered into Amendment No. 5 to the Agreement for Professional Services relating to TRLIA’s Phase 4 Feather River Setback Levee design in the amount of $5,860,244 for a total contract value of $10,792,084.
   
   1.7. Effective September 18, 2007, the parties entered into Amendment No. 6 to the Agreement for Professional Services relating to TRLIA’s Phase 4 Feather
River Setback Levee design in the amount of $1,963,660 for a total contract value of $12,755,744.

1.8. Effective April 15, 2008, the parties entered into Amendment No. 7 to the Agreement for Professional Services relating to TRLIA’s Phase 4 Feather River Setback Levee design in the amount of $636,300 for a total contract value of $13,392,044.

1.9. Effective June 17, 2008, the parties entered into Amendment No. 8 to the Agreement for Professional Services relating to TRLIA’s Phase 4 Feather River Setback Levee design in the amount of $5,671,000 for a total contract value of $19,063,044.

1.10. Effective September 8, 2008, the parties entered into Amendment No. 9 to the Agreement for Professional Services relating to TRLIA’s Phase 4 Feather River Setback Levee design in the amount of $358,200 for a total contract value of $19,421,244.

1.11. Effective November 18, 2008, the parties entered into Amendment No. 10 to the Agreement for Professional Services relating to TRLIA’s Phase 4 Feather River Setback Levee design in the amount of $358,200 for a total contract value of $19,421,244.

1.12. Effective July 9, 2009, the parties entered into Amendment No. 11 to the Agreement for Professional Services relating to TRLIA’s Phase 4 Feather River Setback Levee design in the amount of $829,986 for a total contract value of $20,787,994.

1.13. The parties now desire to amend the Professional Services Agreement to expand scope of services and base contract fee.

2. Twelfth Amendment to Agreement. The Professional Services Agreement is hereby amended as follows:

2.1. The scope of services (Attachment A to the Agreement for Professional Services between TRLIA and B-E/GEI, dated December 13, 2005) is amended to expand the scope of work as described by letter dated May 4, 2010 (Exhibit A) to address additional construction management and environmental compliance support, as well as other additional/out of scope work items for the Feather River Levee Repair Project.

2.2. The payment, budget, and not-to-exceed amounts (Professional Services Agreement Attachment B) are amended by the attached Exhibit A to include the additional amount of $860,948 for a total contract of $21,648,942.

2.3. The Contract termination date has been revised to June 30, 2011.
3. **No Effect on Other Provisions.** Except for the modifications in Section 2 of this Amendment, the remaining provisions of the Professional Services Agreement shall be unaffected and remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on ________________, 2010.

THREE RIVERS LEVEE IMPROVEMENT AUTHORITY OF YUBA COUNTY

BOOKMAN-EDMONSTON, A DIVISION OF GEI CONSULTANTS, INC.

______________________________  
Paul G. Brunner  
Executive Director

______________________________  
Raymond D. Hart  
Senior Vice President

ATTEST:  
DONNA STOTTLMEYER  
SECRETARY, THREE RIVERS

APPROVED AS TO FORM:  
ANDREA CLARK  
GENERAL COUNSEL, TRLIA

______________________________  
Andrea P. Clark
May 11, 2010
050115

Mr. Paul Brunner, Executive Director
Three Rivers Levee Improvement Authority
1114 Yuba Street, Suite 218
Marysville, CA 95901

Re: Agreement for Professional Services on Three Rivers Levee Improvement Authority’s Phase 4 Feather River Levee Repair Project – Request for Amendment No. 12

Dear Mr. Brunner:

In follow up to recent conversations with Mr. Larry Dacus, TRLIA Design Manager, the purpose of this letter is to present scope of work and cost estimates for addressing out-of-scope and additional work items for Segment 2 of TRLIA’s Phase 4 - Feather River Levee Repair Project. Specifically, this budget adjustment request addresses the following items:

1. Additional Construction Management (CM) Effort Due to Greater than Budgeted Levee Construction Duration
2. Additional Evaluation of Stained Soil at the Naumes Property
3. Additional Cultural Monitoring Requirements
4. Additional Biological Monitoring Due to Schedule Impacts
5. Preparation of a Construction Report Addendum
6. Preparation of an Addendum to the August 2007 Feather River Setback Levee Phase 1 Environmental Site Assessment
7. Additional Project Management Support

These work items and the basis for the requested adjustment in scope and budget for Levee Segment 2 are described in Attachment 1. The cost estimates for these additional work items are included in Attachment 2. In summary, we estimate that a net budget increase of $860,948 is needed to address the out-of-scope and additional work items described in Attachments 1 and 2. The largest cost item, additional CM effort for levee Segment 2, totals $476,400 and represents approximately an 8.4% increase over the Segment 2 CM budget approved in Amendment No. 8 dated June 17, 2008.

As agreed to in previous discussions between Ray Hart and Paul Brunner and summarized in our letter dated July 9, 2009, GEI agreed to revert to using its 2008 billing
rates instead of its 2009 rates and reduce the mark-up on subcontracts to 10% going forward to help TRLIA manage its costs in this challenging economic climate. For the work included in this amendment, GEI proposes to continue to hold the same 2008 fee schedule, included as Attachment 3, which represents a decrease of approximately 6% from our current standard rates.

The scope and budget adjustments contained herein represent our best estimate at this time. With this said, we strive to conduct our work as efficiently as possible. We will manage our efforts and strive to keep actual costs under the approved budget.

We are pleased with the opportunity to work with you and your staff during the final phases of this vitally important project. Please call me or Dan Wanket if you have any questions.

Sincerely,
GEI Consultants,

[Signature]

Alberto Pujol, P.E., G.E
Project Manager

Attachments 1, 2, and 3

C: Larry Dacus and Ric Reinhardt (TRLIA/MBK Engineers)
   Ray Hart and Dan Wanket (GEI Consultants)
ATTACHMENT 1
FEATHER RIVER LEVEE REPAIR PROJECT, SEGMENT 2 SETBACK LEVEE OUT OF SCOPE AND ADDITIONAL WORK ITEMS

Construction Management: As was indicated in our July 19, 2009 letter, the construction schedule for Segment 2 has deviated significantly from our understanding of the schedule at the time we prepared the construction management (CM) budget in May 2008. We have strived to monitor and control the construction management budget as tightly as possible, but based on Teichert Construction’s anticipated schedule for year 2010 it is apparent that an adjustment will be required to the CM budget to complete our services on the project. To develop the original cost estimate for CM services in May 2008, the following schedule assumptions were made in coordination with TRLIA:

- Begin construction - June 1, 2008
- 2008 construction (June - November 2008) - completion of 70% of foundation, 50% of embankment, and 80% of pump station
- 2009 construction (March - June 2009) - completion of remainder of setback levee, including foundation, embankment, and pump station

Thus, the basis for the May 2008 Amendment No. 8 that incorporated the CM services into our scope included a total construction period of ten months for setback levee construction plus eight months for levee degradation (not including two 3-month winter breaks). These durations were used for budgeting purposes.

However, while levee construction started as assumed, delays in the flow of funds, land acquisition, and permits (primarily the Corps 404 permit and 408 authorization, and DFG 2081 permit), as well as complexities and delays in the approvals of the south tie-in redesign necessitated by the discovery of Site CA-YUB 1677, resulted in a substantially longer duration of levee construction. The setback levee was not topped out until October 2009, and construction of other key components (Pump Station No. 3, landside drainage system, relief wells, roads, gates and appurtenances) extended into December 2009, with some significant items still remaining to be completed today. In summary, the construction duration assumed in establishing the original CM budget was 10 months (6 months in 2008, 4 months in 2009), while the actual construction schedule was 16 months (6 months in 2008 and 10 months in 2009). The duration of construction took approximately six months greater than budgeted for. The estimated cost impact of the extended levee construction schedule and associated CM requirements is shown in Table 1 of Attachment 2.

On the other hand, the expected duration of levee degradation still agrees well with that originally assumed for budgeting purposes. As noted in the lower part of Table 1, levee degradation was originally assumed to last eight months, beginning upon receipt of regulatory approvals in the second half of 2009 or early 2010, and ending in summer or fall 2010. Degradation actually started in late August 2009 and is now expected to be completed in August 2010, with a total duration of about 8 months (four months in 2009 and four months in 2010). While the original budget assumed sequential levee construction and degradation, in actuality these two major phases have overlapped.
Therefore, some efficiencies have derived as a result of the sharing of staff for both phases (e.g. same construction manager, cost control engineer, administrative support, and shared inspectors). These efficiencies are accounted for in the attached cost estimate.

In summary the estimated cost impact of the extended schedule and associated CM requirements is $476,400 as shown in Table 1 of Attachment 2.

**Evaluation of Stained Soil at Naumes Property:** In early 2009 stained soil with moderate petroleum odor was observed on Naumes property within the setback area. TRLIA developed an initial approach that included site characterization, then removal and disposal of the material by the setback levee contractor. In order to evaluate the condition of the soil and recommendations for disposal, GEI prepared a brief work plan, collected soil samples of the stained soil and surrounding and underlying areas, conducted chemical laboratory analyses of the soil samples, and prepared a summary memorandum. The estimated cost for this work was $12,600 and was addressed in Change Order No. 11.

After developing the budget included in Change Order No 11, the scope of this effort was substantially increased to address TRLIA’s interest in obtaining Yuba County’s approval of a removal work plan and closure endorsement, as well as having Naumes sign the waste manifest for soil disposal. TRLIA’s legal counsel Downey Brand was placed in the lead and directed the TRLIA team for this effort, including directing GEI activities related to the stained soil. The increased level of effort beyond the assumptions in Change Order No. 11 included extensive coordination with Downey Brand, Yuba County, and Naumes representatives, additional site characterization, development of a second work plan to issue to Yuba County, and a completion report for submittal to Yuba County. As shown in Table 2 of Attachment 2, GEI’s total actual cost for the stained soil removal was $39,208, or $26,608 more than the cost included in Change Order No. 11.

**Archaeological and Native American Monitoring During Construction:** Due to concerns expressed by Enterprise Rancheria to TRLIA regarding lack of Native American monitors at times the archeological monitoring was not required per the HPTP and MOU, TRLIA instructed the GEI team to allow continued Native American monitoring. In addition, TRLIA instructed the GEI team to continue providing a Native American monitor during setback levee construction and old levee degradation activities based on discussions between TRLIA and Enterprise Rancheria. TRLIA has also instructed the GEI team to continue providing the Native American monitors during the 2010 construction season for levee degradation activities. The costs for this additional monitoring for the additional Native American monitoring is $67,900.

**Biological Monitoring During Construction:** Additional biological resource worker awareness training, surveys, and monitoring will be required for the 2010 construction season. Initial activities prior to construction initiation have focused on surveys for nesting raptors, which are expected to be the critical biological resource constraint on levee degradation activities in 2010 since work will substantially be performed during the nesting season. Prior to initiating construction, worker awareness training will be conducted as required by the U.S. Fish and Wildlife Service for giant garter snake, valley
elderberry longhorn beetle, and California Department of Fish and Game (DFG) for Swainson’s hawk. This work is included in GEI’s current scope.

The current scope of work included in Contract Amendment No. 8 assumed 6 days of raptor nest monitoring would be required per construction season. This assumption appeared reasonable when the scope was prepared in early 2008 since the project site is large and it was understood that there would be flexibility in scheduling work areas to avoid nesting sites. Raptor nest monitoring requirements were not significant in 2008 (construction did not begin until most young had fledged and nests were empty) and 2009 (most construction occurred reasonably far from nesting sites). The situation for the 2010 construction season is quite different. Levee degradation began late in the 2009 construction season due primarily to the discovery of CA-YUB-1677 and the resulting delays in setback levee construction and regulatory approval to commence with degradation. In order to begin degradation in 2009, TRLIA needed to commit to backfilling substantial portions of the borrow areas, including the setback area (to reduce potential setback levee seepage impacts and minimize fish stranding potential), the Uppal site (to reduce potential setback levee seepage impacts) and Platter/JTS (to meet landowner commitments). A significant amount of material from levee degradation was required to meet these commitments prior to winter shutdown, necessitating an efficient and expeditious earthmoving operation with several spreads of equipment utilizing the complete levee alignment.

The TRLIA team began evaluating potential raptor nesting sites in early 2010. As potential sites were identified, it became apparent that many nesting sites could substantially impact earthmoving operations if the standard raptor buffers were implemented. To address this issue, a meeting was held at the site with TRLIA’s construction manager, the assigned DFG biologist, and TRLIA’s biologist (from our subconsultant EDAW). During the meeting it was agreed that full-time biological monitoring of raptor nests to monitor the effects of construction activities will be required in order to minimize raptor nest buffers and reduce construction impacts and resulting increased construction costs. Alternatively, construction could be delayed until after nesting birds have fledged, typically mid-July, or construction operations could be routed outside the nesting buffers. Either of these alternatives would likely increase construction costs many times the cost for biological monitors.

As requested by TRLIA’s construction manager, the proposed additional budget assumes one full time monitor and one half time monitor for an assumed 3-month levee degradation construction period. The actual level of monitoring required will depend on the number and location of raptor nests found; type, intensity, and duration of construction activities in the vicinity of these nests; sensitivity of individual nesting raptors to construction activities; ability of individual birds to acclimate to construction activities; and timing of when chicks fledge.

The estimated cost of greater-than-budgeted biological monitoring is $154,440 as shown in Table 2 of Attachment 2.

**Construction Report Addendum:** The current scope assumes the preparation of one Construction Completion Report for the Feather River Levee Segment 2 construction
project. However, due to the schedule extension described above and the immediate need to certify the levee in April 2010 there will be a need to prepare two construction completion reports. The first report was completed in May 2010 and described the completion of the setback levee in 2009, including the levee embankment, cutoff wall, stability berms, Pump Station No. 3, and associated work such as drainage features. This report was submitted with the certification package. The second report will be an addendum to address the construction activities completed in 2010, including levee degradation, floodplain swale construction, borrow area backfilling and grading, and relief well construction. The estimated cost for preparing the second construction report is $36,200 as shown in Table 2 of Attachment 2.

**Preparation of an addendum to the August 2007 Feather River Setback Levee Phase 1 Environmental Site Assessment (ESA):** TRLIA has requested that GEI prepare an addendum to the August 2007 Phase 1 ESA to incorporate additional property acquired by TRLIA based on negotiations with landowners. The purpose of the Phase 1 ESA addendum is to support TRLIA’s right-of-way acquisition and DWR compensation. The property to be included in the addendum includes the eastern portions of Flores and Herold. The estimated cost is $11,000 as shown in Table 2 of Attachment 2.

**Project Management:** Contract Amendment No. 11 increased GEI’s PM budget to address PM support to TRLIA through July 2009. PM requirements have continued beyond July 2009, and are expected to continue for some time to address issues such as GEI team coordination with TRLIA, support to TRLIA for EIP grant fund reporting, support of TRLIA’s right-of-way activities, support to TRLIA’s restoration/mitigation and land use planning, support to TRLIA during project closeout, and other coordination requirements with TRLIA and regulatory agencies. The estimated cost is $88,400 as shown in Table 2 of Attachment 2.
Attachment 2

Cost Estimate Tables
### Table 1A - Additional Cost Due to Extended Construction Schedule and Increased Levee Construction Duration

<table>
<thead>
<tr>
<th>Revised 2009 Construction Schedule Adjusted for Extended Schedule</th>
<th>$2,115,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Original 2009 Construction Schedule Services Cost Estimate</td>
<td>$1,287,400</td>
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<tr>
<td>Total Additional Cost Due to Schedule Impact</td>
<td>$476,600</td>
</tr>
</tbody>
</table>

### Table 1B - 2009 Construction Field Services, Adjusted for Extended Schedule (delays due to permitting, funding, land acquisition)

<table>
<thead>
<tr>
<th>Labor</th>
<th>Description</th>
<th>Grade</th>
<th>No. of Months</th>
<th>Hours per Month</th>
<th>Total Hours</th>
<th>Unit Rate</th>
<th>Unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Manager/Assistant Engineer</td>
<td>Grade 7</td>
<td>10</td>
<td>112</td>
<td>1,120</td>
<td>$18</td>
<td>$20,160</td>
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<tr>
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<td>0</td>
<td>25</td>
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<td>$20</td>
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</tr>
<tr>
<td>Field Inspector 1</td>
<td>Grade 4</td>
<td>10</td>
<td>220</td>
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<td>$18</td>
<td>$39,600</td>
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</tr>
<tr>
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<td>Grade 3</td>
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<td>200</td>
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<td>$20</td>
<td>$8,000</td>
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</tr>
<tr>
<td>Field Inspector 3</td>
<td>Grade 2</td>
<td>1</td>
<td>200</td>
<td>200</td>
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<td>$6,000</td>
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</tr>
<tr>
<td>Field Inspector 4</td>
<td>Grade 1</td>
<td>1</td>
<td>200</td>
<td>200</td>
<td>$30</td>
<td>$6,000</td>
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</tr>
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<td>Rehabilitation Inspector</td>
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<td>80</td>
<td>800</td>
<td>$20</td>
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</tr>
<tr>
<td>Subtotal Field Services</td>
<td></td>
<td></td>
<td></td>
<td>14,220</td>
<td>$1,623,700</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 1C - From May 2008 Contract Amendment No. 8 - Budget for Field Services - 2009 Construction and Levee Depreciation

<table>
<thead>
<tr>
<th>Labor</th>
<th>Description</th>
<th>Grade</th>
<th>No. of Months</th>
<th>Hours per Month</th>
<th>Total Hours</th>
<th>Unit Rate</th>
<th>Unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Manager/Assistant Engineer</td>
<td>Grade 7</td>
<td>4</td>
<td>112</td>
<td>448</td>
<td>$18</td>
<td>$8,064</td>
<td></td>
</tr>
<tr>
<td>Civil Engineer</td>
<td>Grade 3</td>
<td>1</td>
<td>173</td>
<td>173</td>
<td>$20</td>
<td>$3,460</td>
<td></td>
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<tr>
<td>Field Inspector 1</td>
<td>Grade 4</td>
<td>2</td>
<td>200</td>
<td>400</td>
<td>$20</td>
<td>$8,000</td>
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</tr>
<tr>
<td>Field Inspector 2</td>
<td>Grade 3</td>
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<td>200</td>
<td>400</td>
<td>$30</td>
<td>$12,000</td>
<td></td>
</tr>
<tr>
<td>Field Inspector 3</td>
<td>Grade 2</td>
<td>2</td>
<td>200</td>
<td>400</td>
<td>$30</td>
<td>$12,000</td>
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<tr>
<td>Field Inspector 4</td>
<td>Grade 1</td>
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<td>200</td>
<td>200</td>
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</table>

### Table 1D - Pepper 2009 Season Field Services

<table>
<thead>
<tr>
<th>Labor</th>
<th>Description</th>
<th>Grade</th>
<th>No. of Months</th>
<th>Hours per Month</th>
<th>Total Hours</th>
<th>Unit Rate</th>
<th>Unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Manager/Assistant Engineer</td>
<td>Grade 7</td>
<td>4</td>
<td>112</td>
<td>448</td>
<td>$18</td>
<td>$8,064</td>
<td></td>
</tr>
<tr>
<td>Civil Engineer</td>
<td>Grade 3</td>
<td>1</td>
<td>173</td>
<td>173</td>
<td>$20</td>
<td>$3,460</td>
<td></td>
</tr>
<tr>
<td>Field Inspector 1</td>
<td>Grade 4</td>
<td>2</td>
<td>200</td>
<td>400</td>
<td>$20</td>
<td>$8,000</td>
<td></td>
</tr>
<tr>
<td>Field Inspector 2</td>
<td>Grade 3</td>
<td>2</td>
<td>200</td>
<td>400</td>
<td>$30</td>
<td>$12,000</td>
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<tr>
<td>Field Inspector 3</td>
<td>Grade 2</td>
<td>2</td>
<td>200</td>
<td>400</td>
<td>$30</td>
<td>$12,000</td>
<td></td>
</tr>
<tr>
<td>Field Inspector 4</td>
<td>Grade 1</td>
<td>1</td>
<td>200</td>
<td>200</td>
<td>$30</td>
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<td></td>
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<td>$80,000</td>
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### Table 1E - 2009 Season Field Services

<table>
<thead>
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<th>Labor</th>
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<th>No. of Months</th>
<th>Hours per Month</th>
<th>Total Hours</th>
<th>Unit Rate</th>
<th>Unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Manager/Assistant Engineer</td>
<td>Grade 7</td>
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<td>112</td>
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<td>$18</td>
<td>$8,064</td>
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</tr>
<tr>
<td>Civil Engineer</td>
<td>Grade 3</td>
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<td>173</td>
<td>173</td>
<td>$20</td>
<td>$3,460</td>
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<tr>
<td>Field Inspector 1</td>
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<td>200</td>
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<td>$20</td>
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<tr>
<td>Field Inspector 2</td>
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<td>200</td>
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</tr>
<tr>
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<td>200</td>
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<td>$30</td>
<td>$12,000</td>
<td></td>
</tr>
<tr>
<td>Field Inspector 4</td>
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<td>$6,000</td>
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<td>$80,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Notes

- Revised 2009 construction schedule adjusted for extended schedule.
- Less Original 2009 construction schedule services cost estimate.
- Total additional cost due to schedule impact.
- Labor hours are adjusted to reflect the extended schedule.
- Direct costs include wages, benefits, and overhead.
- Subtotal field services include all labor, equipment rentals, and other expenses.
- Subtotal 2009 season field services include all expenses for the season.

### Assumptions

- Project start date is updated to May 2008.
- 4 months construction (May - August).
- 50% completion of foundation work.
- 10% completion of abutments.
- Concrete and fill.
- Subtotal field services.

### Total Cost

<table>
<thead>
<tr>
<th>Labor</th>
<th>Description</th>
<th>Grade</th>
<th>No. of Months</th>
<th>Hours per Month</th>
<th>Total Hours</th>
<th>Unit Rate</th>
<th>Unit Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction Manager/Assistant Engineer</td>
<td>Grade 7</td>
<td>4</td>
<td>112</td>
<td>448</td>
<td>$18</td>
<td>$8,064</td>
<td></td>
</tr>
<tr>
<td>Civil Engineer</td>
<td>Grade 3</td>
<td>1</td>
<td>173</td>
<td>173</td>
<td>$20</td>
<td>$3,460</td>
<td></td>
</tr>
<tr>
<td>Field Inspector 1</td>
<td>Grade 4</td>
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<tr>
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</tr>
<tr>
<td>Field Inspector 3</td>
<td>Grade 2</td>
<td>2</td>
<td>200</td>
<td>400</td>
<td>$30</td>
<td>$12,000</td>
<td></td>
</tr>
<tr>
<td>Field Inspector 4</td>
<td>Grade 1</td>
<td>1</td>
<td>200</td>
<td>200</td>
<td>$30</td>
<td>$6,000</td>
<td></td>
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<tr>
<td>Total</td>
<td></td>
<td></td>
<td>8</td>
<td>1,000</td>
<td>$80,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Subtotal 2009 Season Field Services

- Total cost includes all expenses for the season.
- Adjusted 2009 season field services.
- Direct costs include wages, benefits, and overhead.
- Subtotal field services include all labor, equipment rentals, and other expenses.
- Subtotal 2009 season field services include all expenses for the season.

### Total Cost

- $2,115,000
- $1,287,400
- $476,600

### Notes

- Revised 2009 construction schedule adjusted for extended schedule.
- Less Original 2009 construction schedule services cost estimate.
- Total additional cost due to schedule impact.
- Labor hours are adjusted to reflect the extended schedule.
- Direct costs include wages, benefits, and overhead.
- Subtotal field services include all labor, equipment rentals, and other expenses.
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- Subtotal field services include all labor, equipment rentals, and other expenses.
- Subtotal 2009 season field services include all expenses for the season.

### Total Cost

- $2,115,000
- $1,287,400
- $476,600
Table 2
Feather River Levee Repair Project, Segment 2 Setback Levee
Amendment No. 12 Cost Summary
Revised 4/15/10

<table>
<thead>
<tr>
<th>Work Item</th>
<th>GEI Costs</th>
<th>Subcontractor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hours</td>
<td>Rate</td>
<td>Labor Cost</td>
</tr>
<tr>
<td>Segment 2 Setback Levee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional Construction Management Effort Due to</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greater than Budgeted Levee Construction Duration</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greater than Anticipated Costs in the Evaluation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of Stained Soil at the Naumes Property</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Greater than Anticipated Cultural Monitoring</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Requirements</td>
<td></td>
<td></td>
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<tr>
<td>Greater than Anticipated Biological Monitoring</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due to Schedule Impacts</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Preparation of a Construction Report Addendum</td>
<td>240</td>
<td>130</td>
<td>31,200</td>
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<tr>
<td>Preparation of an Addendum to the August 2007</td>
<td>60</td>
<td>150</td>
<td>9,000</td>
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<tr>
<td>Feather River Setback Levee Phase 1 Environmental</td>
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<td>Site Assessment</td>
<td></td>
<td></td>
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<tr>
<td>Additional Project Management Support</td>
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<td>88,400</td>
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<tr>
<td>Total Cost</td>
<td></td>
<td></td>
<td>128,600</td>
</tr>
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</table>

Comments/Assumptions
- See Table 2 for details
- Total actual cost = $39,208, less budget of $12,600 included in Contract Amendment 11
- Includes actual cost of $38,400 expended in 2009 & estimated 2010 costs of $29,500
- 2010 costs assume NA monitor onsite for 12 weeks at 40 hrs/wk = 480 hrs @ $40/hr plus transportation and EDAW oversite
- Assumes 1.5 full time monitors for 3 months
- Costs assume 6 days/wk, 10 hrs/day = 1170 hrs @ $120/hr
- Estimated level of effort
- Estimated level of effort
- Estimated level of effort

Total Cost $860,948
Attachment 3

2008 GEI Fee Schedule
FEE SCHEDULE

<table>
<thead>
<tr>
<th>Personnel Category</th>
<th>Hourly Billing Rate $ per hour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Professional - Grade 1</td>
<td>$ 88</td>
</tr>
<tr>
<td>Staff Professional - Grade 2</td>
<td>$ 96</td>
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<tr>
<td>Project Professional - Grade 3</td>
<td>$106</td>
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<tr>
<td>Project Professional - Grade 4</td>
<td>$118</td>
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<tr>
<td>Senior Professional - Grade 5</td>
<td>$140</td>
</tr>
<tr>
<td>Senior Professional - Grade 6</td>
<td>$160</td>
</tr>
<tr>
<td>Senior Professional - Grade 7</td>
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</tr>
<tr>
<td>Senior Consultant - Grade 8</td>
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<tr>
<td>Senior Consultant - Grade 9</td>
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<tr>
<td>Senior Principal</td>
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<tr>
<td>Senior CADD Drafter and Designer</td>
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</tr>
<tr>
<td>CADD Drafter / Designer and Senior Technician</td>
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</tr>
<tr>
<td>Technician, Word Processor, Administrative Staff</td>
<td>$78</td>
</tr>
<tr>
<td>Office Aide</td>
<td>$ 62</td>
</tr>
</tbody>
</table>

These rates are billed for both regular and overtime hours in all categories. Rates will increase up to 5% annually, at GEI’s option, for all contracts that extend beyond twelve (12) months after the date of the contract.

OTHER PROJECT COSTS

Subconsultants, Subcontractors and Other Project Expenses – All costs for subconsultants, subcontractors and other project expenses will be billed at cost plus a 10% service charge. Examples of such expenses ordinarily charged to projects are subconsultants; subcontractors; chemical laboratory charges; rented or leased field and laboratory equipment; outside printing and reproduction; communications and mailing charges; reproduction expenses; shipping costs for samples and equipment; disposal of samples; rental vehicles; fares for travel on public carriers; special fees for insurance certificates, permits, licenses, etc.; fees for restoration of paving or land due to field exploration, etc.; state sales and use taxes and state taxes on GEI fees.

Billing Rates for CADD and Specialized Technical Computer Programs – Computer usage for CADD and specialized technical programs will be billed at a flat rate of $10.00 per hour in addition to the labor required to operate the computer.

Field and Laboratory Equipment Billing Rates – GEI-owned field and laboratory equipment such as pumps, sampling equipment, monitoring instrumentation, field density equipment, portable gas chromatographs, etc. will be billed at a daily, weekly, or monthly rate, as needed for the project. Expendable supplies are billed at a unit rate.

Transportation and Subsistence - Automobile expenses for GEI or employee owned cars will be charged at the rate per mile set by the Internal Revenue Service for tax purposes plus tolls and parking charges. When required for a project, four-wheel drive vehicles owned by GEI or the employees will be billed at a daily rate appropriate for those vehicles. Per diem living costs for personnel on assignment away from their home office will be negotiated for each project.

PAYMENT TERMS

Invoices will be submitted monthly or upon completion of a specified scope of service, as described in the accompanying contract (proposal, project, or agreement document that is signed and dated by GEI and CLIENT).

Payment is due upon receipt of the invoice. Interest will accrue at the rate of 1% of the invoice amount per month, for amounts that remain unpaid more than 30 days after the invoice date. All payments will be made by either check or electronic transfer to the address specified by GEI and will include reference to GEI’s invoice number.

STD Fee Schedule 2006 Effective December 29, 2007
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
FINANCIAL STATEMENTS
JUNE 30, 2009
INDEPENDENT AUDITOR'S REPORT

Board of Directors
Three Rivers Levee Improvement Authority
Marysville, California

I have audited the accompanying Statement of Financial Position of Three Rivers Levee Improvement Authority as of June 30, 2009 and the related Statement of Activities and Changes in Net Assets and Combined Statement of Cash Flows for the year then ended. These financial statements are the responsibility of management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and government auditing standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Three Rivers Levee Improvement Authority as of June 30, 2009 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

April 22, 2010
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009

ASSETS

Current Assets:

Cash in County Treasury (Note) 22,061,764
Accounts Receivable -0-
Interest Receivable 34,186

Total Current Assets 22,095,950

Fixed Assets:

Land – Right of Way 4,567,250
Deposit – Condemnation Fund 429,581

Total Other Assets 4,996,831

Total Assets 27,092,781

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable 11,895,596

Total Current Liabilities 11,895,596

Net Assets

Unrestricted 15,197,185

Total Liabilities and Net Assets 27,092,781

See accompanying notes to financial statements
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
JUNE 30, 2009  

Revenue:  

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Share – Yuba County (Note)</td>
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</tr>
<tr>
<td>Proposition 1E Funding</td>
<td>61,914,564</td>
</tr>
<tr>
<td>State Fish &amp; Game Environmental Funding</td>
<td>7,131,757</td>
</tr>
<tr>
<td>Interest</td>
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</tr>
<tr>
<td>Other Income (Note)</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>93,379,902</strong></td>
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</tbody>
</table>

Expenditures:  

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<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Projects</td>
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</tr>
<tr>
<td>Levee Improvement Costs (Schedule)</td>
<td>77,970,912</td>
</tr>
<tr>
<td>Easement Costs</td>
<td>4,942,718</td>
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<tr>
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<td>Yuba County Reimbursements</td>
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<td>Salaries and Benefits</td>
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<td>Office and Miscellaneous</td>
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<td>Travel</td>
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<td>Memberships</td>
<td>9,705</td>
</tr>
<tr>
<td>Legal and Professional Fees</td>
<td>46,782</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>83,732,650</strong></td>
</tr>
</tbody>
</table>

Excess of Revenues over Expenditures:  

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess of Revenues over Expenditures</td>
<td>9,647,252</td>
</tr>
</tbody>
</table>

Net Assets – Beginning of Year:  

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Assets – Beginning of Year</td>
<td>5,549,933</td>
</tr>
</tbody>
</table>

Net Assets – End of Year:  

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Assets – End of Year</td>
<td>15,197,185</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
STATEMENT OF CASH FLOWS
JUNE 30, 2009

Cash Flows From Operating Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Received from Yuba County</td>
<td>23,869,298</td>
</tr>
<tr>
<td>Cash Received – Grants, etc.</td>
<td>70,218,649</td>
</tr>
<tr>
<td>Cash Disbursed for Operating Activities</td>
<td>(78,485,333)</td>
</tr>
</tbody>
</table>

Net Cash Flows Used in Operation Activities: 15,605,614

Cash Flows From Investing Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>171,341</td>
</tr>
<tr>
<td>Condemnation Fund Disbursements (Net)</td>
<td>4,939,720</td>
</tr>
</tbody>
</table>

Net Cash Flows Used In Investing Activities 5,111,061

Cash Flows From Financing Activities -0-

Net Increase in Cash 20,716,675

Cash at Beginning of Year 1,345,089

Cash at End of Year 22,061,764

See accompanying notes to financial statements
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
SCHEDULE OF LEVEE IMPROVEMENT COSTS
FOR THE YEAR ENDED JUNE 30, 2009

<table>
<thead>
<tr>
<th>Phase</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 1</td>
<td>563,153</td>
</tr>
<tr>
<td>Phase 2</td>
<td>910,000</td>
</tr>
<tr>
<td>Phase 3</td>
<td>161,655</td>
</tr>
<tr>
<td>Phase 4 – Yuba:</td>
<td></td>
</tr>
<tr>
<td>Design</td>
<td>729,535</td>
</tr>
<tr>
<td>Permits</td>
<td>869</td>
</tr>
<tr>
<td>Environmental Mitigation</td>
<td>19,676</td>
</tr>
<tr>
<td>Total</td>
<td>750,080</td>
</tr>
<tr>
<td>Phase 4 – Feather:</td>
<td></td>
</tr>
<tr>
<td>Segment 1:</td>
<td></td>
</tr>
<tr>
<td>Design</td>
<td>100,625</td>
</tr>
<tr>
<td>Construction</td>
<td>8,962,181</td>
</tr>
<tr>
<td>Construction Management</td>
<td>1,169,162</td>
</tr>
<tr>
<td>Right of Way Support</td>
<td>13,267</td>
</tr>
<tr>
<td>Total</td>
<td>10,385,177</td>
</tr>
<tr>
<td>Segment 2:</td>
<td></td>
</tr>
<tr>
<td>Design</td>
<td>1,095,459</td>
</tr>
<tr>
<td>Construction</td>
<td>45,505,977</td>
</tr>
<tr>
<td>Construction Management</td>
<td>2,971,962</td>
</tr>
<tr>
<td>Right of Way Support</td>
<td>1,482,835</td>
</tr>
<tr>
<td>Right of Way – Direct Purchase</td>
<td>2,726,822</td>
</tr>
<tr>
<td>Total</td>
<td>56,293,138</td>
</tr>
<tr>
<td>Segment 3:</td>
<td></td>
</tr>
<tr>
<td>Design</td>
<td>225,402</td>
</tr>
<tr>
<td>Construction</td>
<td>5,717,787</td>
</tr>
<tr>
<td>Construction Management</td>
<td>467,319</td>
</tr>
<tr>
<td>Right of Way Support</td>
<td>53,197</td>
</tr>
<tr>
<td>Right of Way – Direct Purchase</td>
<td>23,800</td>
</tr>
<tr>
<td>Total</td>
<td>70,515,795</td>
</tr>
<tr>
<td>Olivehurst Detention Basin</td>
<td>42,545</td>
</tr>
<tr>
<td>Environmental Mitigation Costs</td>
<td>4,679,975</td>
</tr>
<tr>
<td>Fee Overpayment Refunds</td>
<td>160,453</td>
</tr>
<tr>
<td>Interim Operating Costs</td>
<td>187,256</td>
</tr>
<tr>
<td>Total</td>
<td>77,970,912</td>
</tr>
</tbody>
</table>
History and Organization

The Three Rivers Levee Improvement Authority (TRLIA) was formed in April 2004 as a Joint Powers Authority (JPA) between Yuba County and Reclamation District No. 784. Section 2.01 from the JPA agreement describes TRLIA’s purpose.

This Agreement is made pursuant to the Act providing for the joint exercise of powers common to the County and the District, and for other purposes as permitted under the Act, the Bond Law and as agreed by the parties hereto. The primary purpose of this Agreement is to provide for flood control improvements located in the County, including improvements to the levee system and related drainage improvements. The Authority may undertake any activities necessary or desirable to achieve its primary purpose including, but not limited to (a) the power to study, plan for, design, develop, acquire, and construct and repair improvements, (b) the acquisition and holding of title to land, including the acquisition of land by eminent domain proceedings, as necessary for levee system improvements, related drainage improvements and/or habitat mitigation incident to any such improvements, and (c) the provision of financing for improvements and related activities, including financing by means of the creation of one or more community facilities districts, assessment districts or other financing districts, the entering into of lease and/or installment sale obligations, the issuance of revenue or other notes, bonds or evidences of indebtedness, and the imposition of appropriate impact or other fee obligations. The Authority may conduct activities alone, or in cooperation with any Member, any Associate Member, the State of California or any agency or political subdivision thereof, the United States or any department or agency thereof, or other entities. It is not contemplated that the Authority will in any way contract for or finance periodic levee maintenance activities which the District, other reclamation districts or other governmental or nongovernmental entities are obligated to do, or which otherwise in the past have been done by them.

Four work phases have been identified with the goal of achieving 200-year flood protection. The first construction work was initiated September 2004 and final phase is scheduled to complete by the end of 2009. The cost to complete the four phases is estimated to be $405 million and will be funded mostly by local sources and State funding.
Significant Accounting Policies

Fund Accounting

The Organization operates as an Enterprise Fund. The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing services to the general public on a continuing basis are financed primarily through landowner charges.

Basis of Accounting

The Organization uses the accrual basis of accounting for financial reporting purposes. Accrual accounting attempts to record the financial effects on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in the periods in which those transactions, events and circumstances occur rather than only in the periods in which cash is received or paid by the enterprise. Accrual accounting is concerned with the process by which cash expended on resources and activities is returned as more (or perhaps less) cash to the enterprise, not just with the beginning and end of that process.

Property and Equipment

The Organization was formed to perform repairs and improvements to property owned and maintained by the County of Yuba and Reclamation District No. 784. In addition, the organization has purchased land as a right of way to enable the improvements to the existing levee system.

Construction work for the improvement of the levee system within the Organizations boundaries in Yuba County is reflected on its books as an operating expense. The Organization, as originally formed, will cease to exist upon the completion of the projects for which it was formed. At that time ownership of any property and the completed improvements to the levee system will be transferred to the existing owner, primarily the State of California, and maintenance responsibility will be assumed by Reclamation District No. 784 and/or other entities established to perform this function. The value to be transferred will be the fair market value of levee improvements. The total costs of the levee improvements to date are as follows:

<table>
<thead>
<tr>
<th>Fiscal Year Ended</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2004</td>
<td>701,774</td>
</tr>
<tr>
<td>June 30, 2005</td>
<td>5,603,384</td>
</tr>
<tr>
<td>June 30, 2006</td>
<td>50,572,148</td>
</tr>
<tr>
<td>June 30, 2007</td>
<td>74,257,632</td>
</tr>
<tr>
<td>June 30, 2008</td>
<td>24,376,482</td>
</tr>
<tr>
<td>June 30, 2009</td>
<td>82,916,631</td>
</tr>
<tr>
<td></td>
<td>238,428,051</td>
</tr>
</tbody>
</table>
Cash and Reserves

Funds of the Organization are on deposit with the Yuba County Treasurer. These funds consist of a diversified portfolio pool and do not require a category of risk in accordance with GASB #3. The risk of material loss with regard to these funds is not considered to be material.

Deposit - State Condemnation Fund

Deposits with the State Compensation Fund represent funds contributed for the purchase of property for the right of way for levee improvements, for which the District and the sellers have not reached an agreed upon sales price. The total contribution to the fund represents a 17.175% allocation from Three Rivers Levee Improvement Authority and an 82.825% allocation from the State of California Department of Water Resources. Upon the determination of the actual property fair value additional contributions will be made or any refunds will be received in the same proportion. During this process, the District receives interest on these funds. The total interest for the current year was $260,726. At the conclusion of the improvement process, the real property acquired for right-of-way purposes will become the property of the State of California.

Other Income

A detail of Other Income for the year ended June 30, 2009 is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Condemnation Fund Interest</td>
<td>260,726</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>32,216</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>292,942</strong></td>
</tr>
</tbody>
</table>

Cash in County Treasury

Cash in County Treasury as of June 30, 2009 consisted of the following accounts with the Yuba County Treasurer:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Account</td>
<td>21,903,989</td>
</tr>
<tr>
<td>SMARA Reclamation Assurance Reserve</td>
<td>157,775</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22,061,764</strong></td>
</tr>
</tbody>
</table>
Community Facilities Districts - Capital Improvement Bonds

Three Rivers Levee Improvement Authority issued Capital Improvement Bonds on April 18, 2007 to finance the repayment of proceeds received in accordance with the advance funding agreements with local developers. These are special tax bonds and are issued on specific parcels of landowners within the Community Facilities Districts. These bonds will be repaid by annual special taxes on the parcels within the Districts. These bonds are not on obligation of the Three Rivers Levee Improvement Authority and are not reflected as a liability. A summary of the bonds is as follows:

<table>
<thead>
<tr>
<th>Community Facilities District of 2006-1</th>
<th>Community Facilities District of 2006-2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Bond Issue</td>
<td>Special Tax 2007 Series A</td>
</tr>
<tr>
<td>Date of Issue</td>
<td>4-18-2007</td>
</tr>
<tr>
<td>Original Issue Value</td>
<td>14,930,382</td>
</tr>
<tr>
<td>Accreted Value – 6/30/09</td>
<td>17,201,163</td>
</tr>
<tr>
<td>District Assessed Value</td>
<td>108,059,920</td>
</tr>
</tbody>
</table>

Local Funding – Yuba Levee Financing Authority

The Yuba Levee Financing Authority has authorized the matching funds for the Levee Improvement Program as follows:

Authorizations:

October 2008  
November 2008  
May 2009  

Total Authorized  

Amount Funded to June 30, 2009  

Authorization Remaining  

13,080,000  
7,376,000  
14,200,000  

34,656,000  
23,869,298  
10,786,702
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Three Rivers Levee Improvement Authority
Marysville, California

I have audited the general purpose financial statements of Three Rivers Levee Improvement Authority as of and for the year ended June 30, 2009, and have issued my report thereon dated April 22, 2010.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatements.

The management of Three Rivers Levee Improvement Authority is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management’s authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements of Three Rivers Levee Improvement Authority for the year ended June 30, 2009, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.
My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of the management and granting agencies. However, this report is a matter of public record and its distribution is not limited.

April 22, 2010
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Board of Directors
Three Rivers Levee Improvement Authority
Marysville, California

I have audited the general purpose financial statements of Three Rivers Levee Improvement Authority as of and for the year ended June 30, 2009, and have issued my report thereon dated April 22, 2010.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Three Rivers Levee Improvement Authority is the responsibility of Three Rivers Levee Improvement Authority’s management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, I performed tests of Three Rivers Levee Improvement Authority’s compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the management and granting agencies. However, this report is a matter of public record and its distribution is not limited.

April 22, 2010

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FAX: (530) 673-2535