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) – TRLIA vs. Joga S. Mann, et al

B. Conference with real property negotiator pursuant to Government Code §54956.8 - Negotiating Parties: TRLIA/Churchill/Morrison; Terms of Payment; regarding the properties outlined in Exhibit A, and pages 1 and 2.

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 January 11, 2011.


V ACTION ITEMS

A. Approve Addendum No. 1 to the Initial Study/Mitigated Negative Declaration for the Upper Yuba Levee Improvement Project (UYLIP).

B. Approve the creation of a TRLIA Real Estate Plan for the Western Pacific Interceptor Canal, Upper Bear River above the Bear Setback levee, and portions of the Yuba River levee between Highway 70 and Simpson Lane.

VI BOARD AND STAFF MEMBERS’ REPORTS

VII ADJOURN
UPPER YUBA RIVER PROJECT
Walbinder S. Sohal LivingTrust/018-190-110
Bhajan S. & Rajwant K. Sohal/018-190-109
Michele R. Barker/018-150-035
Shintaffer Farms, Inc./018-150-032
Henry P. Smith/018-150-015
Richard G. Wilbur Trust/018-140-040
Michele R. Barker, et al/018-190-104
Henry P. Smith/018-190-001
Awtar S. Sohal & Sukhvir K. Sohal
Co-Trustees of the Sohal Family Trust/018-190-107 and 018-190-108
Richard G. Wilbur Trust/018-190-002
Naumes, Inc./018-140-041
Rahul, Surjit S. & Parmjit/018-190-085
Richard G. Wilbur Trust/018-200-006
Daniel J. Luis/018-200-008
Anthony J. & Zelma B. Luis/018-200-007 and 005
Ajit S. Bains & Maria Del Carmen/018-200-001
Ajit S. Bains & Maria Del Carmen/018-220-030
Anthony J. & Zelma B. Luis/018-210-035
Robert Glenn Wood/018-210-029
Donald Wilkey/018-210-014
Howard R. Miller/018-220-007
COF Quail Hollow Land 148T, LLC/018-220-049
COF Quail Hollow Land 148T, LLC/018-220-048
Richard G. Wilbur/018-220-033
Green Rose Investments/018-220-057
Peach Tree Golf & Country Club/018-220-027
Peach Tree Golf & Country Club/018-220-034
Orest and Irene Wesely/021-500-001
Humam El Sharif/021-042-027
Steve and Denise Gilbert/021-042-014
Steve and Denise Gilbert/021-041-012
Hust Bro. Inc. Pension Plan/021-041-009
Lothar S. & Brigitta M. Klug/021-041-010
Bernard J. Perez/021-041-007
Ronnie C. Willis/021-041-006
Western Aggregates, LLC/020-080-009 and 010
Western Aggregates, LLC/018-150-008
Unknown Ownership/021-041-001
Western Aggregates, Inc/020-080-010
Valley View Land & Cattle Co./016-120-008
Danna & Danna, Inc./016-120-015 and 016
Shoei Food USA, Inc./016-060-019
TRLIA PHASE 4 - SEGMENT 3 LANDSIDE OWNERSHIP
Smith/013-010-048
Stewart/013-010-045
Linda Water/013-010-001 and 002
020-360-54
Cooper/020-360-060, 061. And 062
Khang/020-360-064
UPRR/020-020-027
Alan Young/Alma Rodriguez/020-201-011
Arnold Craft/020-201-009, 010
Monty & Debra Hecker/020-201-008 and 012
Quintilia Naranjo/020-201-005
Robert Hamilton/020-201-004
Currier Family Trust/020-201-003
Ava Joy Clark/020-201-002
Mary Cress/020-171-015
Currier Family Trust/020-171-014
Maria Mendoza, et al/020-171-013
Billy J. & Clara J. Bean/020-171-012, 011
Javier Quintero/020-171-010
Javier Quintero & Ana/020-171-009
Chad Playso/020-171-008
Jose V. Gomez/020-171-007
Daniel & Virginia Frizzel/020-171-006
Jesse & Ruth Burns/020-171-005
Evangelina Cabrera/020-171-004
Mary Lipscomb/020-171-003
Delora & Deewayne Field/020-171-002
Carol Miller/020-171-001
Jose & Magdalena Vasquez/020-121-019
James & Nancy Blocker/020-121-018
Daniel A. Charter/020-121-017
Rosa Del Toro/020-121-016
Johal LLC/020-121-015
Glenna N. Hromiko/020-121-021
Gracie La Fernandez/020-121-020
Leopuldo & Luiza Ana Vasquez/020-121-012
Russell & Janine Ensslin/020-121-011
Kimberly Rene LaValleur/020-121-010
Bazzano Investment Properties/020-121-025
Louis & Betty Barlage/020-121-008
Michael & Lesley Furtado/020-121-028
Tracy L. Nelson/020-121-006
Brikemen, LLC/020-121-005
Sacramento Valley Teen Challenge/020-121-003, 004
/020-121-022/020-091-025/020-091-024
Hilber M & M, LLC/020-121-002
W.D. & Juanita Cozine, Jr./020-091-015
Harold Ervine Coones/020-091-009
Richard & Gloria Grant/020-091-008
William Rea/020-091-007
Forrest Ray Miller/020-091-006
Salvation Army/De Oro Div./020-091-005
Salvation Army/De Oro Div./020-091-004
Carolyn J Tindel/Gary Tindel/020-091-002
John Roth/020-091-026
California Cap Lns, Inc/020-091-027
John Roth/020-091-028
SEGMENT 3 WATERSIDE OWNERSHIP
Barker/020-360-056
Wilbur/020-330-010, 011, 015, 016 and 020
H. Smith/020-010-017 and 023
City of Marysville/020-010-010
TRLIA PHASE 4 – SEGMENT 1
SSJDD/016-150-012
SSJDD/016-150-002
SSJDD/016-150-001
SSJDD/016-120-001
SSJDD/016-120-002
Valley View Land & Cattle Co./016-120-008
Danna & Danna, Inc./016-120-016
Danna & Danna, Inc./016-120-015
SSJDD/016-090-001
SSJDD/016-090-002
Valley View Packing Co., Inc./016-090-008
Shoei Food USA, Inc./016-060-019
State of California (Fish & Game)/016-060-020
Foster Ranch Ltd. Partnership/016-060-001
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

JANUARY 11, 2011

MINUTES

A meeting of the Board of Directors of the Three Rivers Levee Improvement Authority (TRLIA) was held on the above date, commencing at 2:00 p.m., within the Government Center, Marysville, California, with a quorum being present as follows: Directors Rick Brown, Jerry Crippen, Don L. Graham, Mary Jane Griego, and John Nicoletti. Also present were Executive Director Paul Brunner, Assistant Counsel Andrea Clark, and Secretary/Clerk of the Board of Supervisors Donna Stottlemeyer. Chair Griego presided.

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

II ELECTION OF OFFICERS – Chair and Vice Chair

Director Nicoletti nominated Director Griego for the office of 2011 Chair for TRLIA.

No further nominations were received.

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

Director Griego nominated Director Brown for the office of 2011 Vice Chair for TRLIA.

No further nominations were received.

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

III CLOSED SESSION: The Board retired into closed session at 2:03 p.m. to discuss the following:

Pending litigation pursuant to Government Code §54956.9(a) – Luis YCSCCVED 10-0000903

The Board returned from closed session at 2:54 p.m. there was no announcement.

III ACTION ITEMS

A. Approve minutes of the regular meeting of November 16, 2010.

MOTION: Move to approve
MOVED: Jerry Crippen
SECOND: John Nicoletti
AYES: Rick Brown, Jerry Crippen, Don Graham, Mary Jane Griego, John Nicoletti
NOES: None
ABSTAIN: None
ABSENT: None
B. Approve Feather River Levee Repair Project California Environmental Quality Act Addendum No. 4. Executive Director Paul Brunner recapped the permit application and previous approval of encroachment permits and levee degrade permits and the purpose of the addendum. Mr. Brunner responded to inquiries.

Director Nicoletti left the meeting at 2:58 p.m.

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

C. Approve license with Sacramento San Joaquin Drainage District acting by and through Central Valley Flood Protection Board for use of the Anderson Mitigation Site to provide elderberry shrub impact mitigation for the Upper Yuba Levee Improvement Project and authorize the Executive Director authority to execute same and enter into a use agreement with similar terms as the license agreement upon review and approval of Counsel.

Executive Director Paul Brunner recapped the purpose of the license and use agreement needed and responded to inquiries. Counsel Clark recapped the immediate need for the license to allow for planting during the dormant season and the negotiation of the agreement.

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

D. Approve agreement with Reclamation District (RD) 784 for long-term maintenance of a portion of the Anderson Elderberry mitigation site for the Upper Yuba Levee Improvement Project and authorize the Chair to execute same upon review and approval of Counsel. Executive Director Paul Brunner advised RD784 has approved the agreement, funding for agreement would come for the assessment district and responded to Board inquiries.

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

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

Executive Director Paul Brunner:
- Letter from Corps of Engineers advising approval of section 408 permit application approval
- Letter from Corps of Engineers advising of no significant impact in the environmental assessment on the Upper Yuba levee Improvement Project Simpson Lane to Goldfields
- Receipt of Fiscal Year 2009/2010 Audit Report
- Consultant agreement regarding public access in the setback levee area
- Western Pacific Interceptor Canal levee crack 1,100 feet in length and 2.5 inches at widest point following drenching in 3 locations engineers will provide recommendation for repair if needed
- Cancellation of February 18 meeting and next board meeting scheduled February 1, 2011
- Flood protection level of 200 year protection
V ADJOURN: 3:26 p.m. by Chair Griego.

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

Chair

Approved:
Memo To: TRLIA Board Members

From: Paul Brunner, TRLIA Executive Director

RE: TRLIA FY 09/10 Financial Statements (Independent Audit)

January 11, 2011

Attached is the TRLIA FY 09/10 Financial Statement. The Audit was conducted by Mike Hinz CPA. No issues were identified. A copy of the independent audit has been provided to the County/TRLIA Auditor-Controller and will be placed on the TRLIA web page.

Attachment:
TRLIA FY 09/10 Financial Statement

cc:
Seth Wurzel/TRLIA Financial Consultant
Donna Stotlemeyer/TRLIA Board Secretary
THREE RIVERS LEVEE
IMPROVEMENT AUTHORITY

FINANCIAL STATEMENTS

JUNE 30, 2010

MICHAEL L. HINZ, CPA, INC
CERTIFIED PUBLIC ACCOUNTANT
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, 2010 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, 2010 and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

December 10, 2010
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2010

ASSETS

Current Assets:

- Cash in County Treasury (Note)  16,444,956
- Accounts Receivable  2,978,908
- Interest Receivable  13,637

Total Current Assets  19,437,501

Fixed Assets:

- Deposit – Condemnation Fund  351,435

Total Other Assets  351,435

Total Assets  19,788,936

LIABILITIES AND NET ASSETS

Current Liabilities:

- Accounts Payable  6,243,302

Total Current Liabilities  6,243,302

Net Assets

- Unrestricted  13,545,634

Total Liabilities and Net Assets  19,288,936

See accompanying notes to financial statements
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
JUNE 30, 2010

Revenue:

Local Share – Yuba County (Note) 15,703,893
Proposition 1E Funding 36,018,552
State Fish & Game Environmental Funding 662,250
Interest 93,938
Landowner Funding 1,114,836
Other Income (Note) 63,196

Total Revenue 53,656,665

Expenditures:

Special Projects 54,496,111
Levee Improvement Costs (Schedule)

Administrative Expenses:

Yuba County Reimbursements 221,699
Salaries and Benefits 210,770
Office Costs 37,604
Utilities 275,099
Insurance 1,495
Postage and Delivery 4,800
Directors Fees 31,390
Rent 5,382
Office and Miscellaneous 13,691
Travel 10,175

Total Expenditures 55,308,216

Excess of Expenditures over Revenues (1,651,551)

Net Assets – Beginning of Year 15,197,185

Net Assets – End of Year 13,545,634

See accompanying notes to financial statements
### THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
### STATEMENT OF CASH FLOWS
### JUNE 30, 2010

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>15,703,893</td>
</tr>
<tr>
<td>Cash Received – Grants, etc.</td>
<td>34,879,926</td>
</tr>
<tr>
<td>Cash Disbursed for Operating Activities</td>
<td>(56,372,711)</td>
</tr>
</tbody>
</table>

Net Cash Flows Used in Operation Activities: (5,788,892)

Cash Flows From Investing Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>93,938</td>
</tr>
<tr>
<td>Condemnation Fund Receipts (Net)</td>
<td>78,146</td>
</tr>
</tbody>
</table>

Net Cash Flows From Investing Activities 172,084

Cash Flows From Financing Activities -0-

Net Decrease in Cash (5,616,808)

Cash at Beginning of Year 22,061,764

Cash at End of Year 16,444,9556

See accompanying notes to financial statements
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
SCHEDULE OF LEVEE IMPROVEMENT COSTS
FOR THE YEAR ENDED JUNE 30, 2010

<table>
<thead>
<tr>
<th>Phase</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 2</td>
<td></td>
<td>18,488</td>
</tr>
<tr>
<td>Phase 3</td>
<td></td>
<td>6,875</td>
</tr>
<tr>
<td>Phase 4 – Yuba:</td>
<td>Design</td>
<td>3,103,483</td>
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<tr>
<td></td>
<td>Permits</td>
<td>69,073</td>
</tr>
<tr>
<td></td>
<td>Environmental Mitigation</td>
<td>36,538</td>
</tr>
<tr>
<td></td>
<td>Construction</td>
<td>275,543</td>
</tr>
<tr>
<td></td>
<td>Construction Management</td>
<td>147,398</td>
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<td></td>
<td>Right of Way</td>
<td>635,750</td>
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<tr>
<td></td>
<td></td>
<td>4,267,785</td>
</tr>
<tr>
<td>Phase 4 – Feather:</td>
<td>Segment 1:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Design</td>
<td>127,555</td>
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<tr>
<td></td>
<td>Construction</td>
<td>546,634</td>
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<tr>
<td></td>
<td>Construction Management</td>
<td>54,465</td>
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<tr>
<td></td>
<td>Right of Way Support</td>
<td>3,035</td>
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<tr>
<td></td>
<td>Segment 2:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Design</td>
<td>750,918</td>
</tr>
<tr>
<td></td>
<td>Construction</td>
<td>35,084,318</td>
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<tr>
<td></td>
<td>Construction Management</td>
<td>3,309,408</td>
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<tr>
<td></td>
<td>Right of Way Support</td>
<td>2,188,909</td>
</tr>
<tr>
<td></td>
<td>Right of Way – Direct Purchase (Note)</td>
<td>2,914,984</td>
</tr>
<tr>
<td></td>
<td>Segment 3:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Design</td>
<td>77,560</td>
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<tr>
<td></td>
<td>Construction</td>
<td>547,320</td>
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<td></td>
<td>Construction Management</td>
<td>54,122</td>
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<td></td>
<td>Right of Way Support</td>
<td>52,951</td>
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<td></td>
<td>Right of Way – Direct Purchase</td>
<td>40,250</td>
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<td></td>
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<td>45,752,501</td>
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<tr>
<td>Olivehurst Detention Basin</td>
<td></td>
<td>50,900</td>
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<tr>
<td>Environmental Mitigation Costs</td>
<td></td>
<td>4,236,963</td>
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<tr>
<td>Fee Overpayment Refunds</td>
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<td>160,453</td>
</tr>
<tr>
<td>Interim Operating Costs</td>
<td></td>
<td>2,146</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>59,496,111</td>
</tr>
</tbody>
</table>
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
COMMUNITY FACILITIES DISTRICT BOND FUND
STATEMENT OF NET ASSETS
JUNE 30, 2010

ASSETS

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CFD 2006-1</td>
</tr>
<tr>
<td>Cash in Treasury</td>
<td>559,965</td>
</tr>
<tr>
<td>Total Assets</td>
<td>559,965</td>
</tr>
</tbody>
</table>

LIABILITIES AND NET ASSETS

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Net Assets</td>
<td>559,965</td>
<td>131,190</td>
</tr>
<tr>
<td>Total Liabilities and Net Assets</td>
<td>559,965</td>
<td>131,190</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
COMMUNITY FACILITIES DISTRICT BOND FUND
STATEMENT OF ACTIVITIES
JUNE 30, 2010

<table>
<thead>
<tr>
<th></th>
<th>CFD 2006-1</th>
<th>CFD 2006-2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Secured Taxes</td>
<td>325,610</td>
<td>77,647</td>
</tr>
<tr>
<td>Prior Taxes</td>
<td>1,255</td>
<td>555</td>
</tr>
<tr>
<td>Total Taxes</td>
<td>326,065</td>
<td>78,202</td>
</tr>
<tr>
<td>Interest</td>
<td>4,512</td>
<td>1,037</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>331,377</td>
<td>79,239</td>
</tr>
<tr>
<td>Expenditures</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Excess Revenues over Expenditures</td>
<td>331,377</td>
<td>79,239</td>
</tr>
<tr>
<td>Beginning Net Assets</td>
<td>228,588</td>
<td>51,951</td>
</tr>
<tr>
<td>Ending Net Assets</td>
<td>559,965</td>
<td>131,190</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements
**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 the final phase is scheduled to be complete by the end of 2011. 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></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>June 30, 2010</td>
<td>54,496,111</td>
</tr>
</tbody>
</table>

**292,924,162**
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. The funds provided directly by the State of California are not included in the property acquisition costs due to the fact that they were not paid through District accounts.

Other Income

A detail of Other Income for the year ended June 30, 2010 is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Condemnation Fund Interest</td>
<td>14,087</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>49,109</td>
</tr>
<tr>
<td></td>
<td>63,196</td>
</tr>
</tbody>
</table>

Cash in County Treasury

Cash in County Treasury as of June 30, 2010 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>13,338,728</td>
</tr>
<tr>
<td>SMARA Reclamation Assurance Reserve</td>
<td>157,775</td>
</tr>
<tr>
<td>Feather River Funding</td>
<td>964,774</td>
</tr>
<tr>
<td>Upper Yuba River Funding</td>
<td>1,983,679</td>
</tr>
<tr>
<td></td>
<td>16,444,956</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>Name of Bond Issue</th>
<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>
<td>Special Tax 2007 Series B</td>
</tr>
<tr>
<td>Date of Issue</td>
<td>4-18-2007</td>
<td>4-18-2007</td>
</tr>
<tr>
<td>Original Issue Value</td>
<td>14,930,382</td>
<td>8,663,901</td>
</tr>
<tr>
<td>Accreted Value – 6/30/09</td>
<td>18,563,631</td>
<td>10,772,227</td>
</tr>
<tr>
<td>District Assessed Value</td>
<td>108,059,920</td>
<td>35,908,247</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: 13,080,000
- November 2008: 7,376,000
- May 2010: 14,200,000
- January 2010: 7,000,000

Total Authorized: 41,656,000

Amount Funded to June 30, 2010: 39,573,191

Authorization Remaining: 2,082,809
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, 2010, and have issued my report thereon dated December 10, 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, 2010, 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.

Michael C. Hix

December 10, 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, 2010, and have issued my report thereon dated December 10, 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.

December 10, 2010
February 1, 2011

TO: Three Rivers Levee Improvement Authority Board
FROM: Paul Brunner, Executive Director
SUBJECT: Addendum No. 1 to the Adopted Initial Study/Mitigated Negative Declaration for the Upper Yuba Levee Improvement Project

**Recommended Action**
Approval of Addendum No. 1 to the Initial Study/Mitigated Negative Declaration for the Upper Yuba Levee Improvement Project (UYLIP).

**Background**
In 2003 the Lower Feather River Floodplain Mapping Study was completed and identified deficiencies on the Reclamation District 784 levees, including the lower Yuba River. To address the identified deficiencies, TRLIA developed a comprehensive Levee Improvement Program for RD 784. Phase 4 of the TRLIA Levee Improvement Program included the Phase 4 Yuba River Levee Repair Project which consisted of strengthening the existing Yuba River South Levee ("YRSL") above the South Pacific Railroad crossing to Simpson Lane and adding a seepage berm adjacent to the SPRR crossing. Phase 4 of the Yuba River Levee Repair Project also consists of improving the remaining portion of the YRSL from Simpson Lane to the Yuba Goldfields. After the hydraulic model was updated in December 2008, TRLIA and Kleinfelder reevaluated the portion of the YRSL from Simpson Lane to the Yuba Goldfields in 2010 and concluded that there are significant problems related to under and through seepage along the YRSL. MBK Engineers has also identified short reaches of the YRSL that have subsided below the design elevation and need to be corrected.

In response to these issues TRLIA has proposed to improve a segment of the YRSL to correct through seepage, under seepage, and levee geometry deficiencies and improve flood protection on the YRSL. The UYLIP would improve the YRSL between Simpson Lane and the Yuba Goldfields (3.9 miles).

In accordance with CEQA, an Initial Study/Mitigated Negative Declaration (IS/MND) was prepared for the UYLIP documenting environmental impacts. The draft IS/MND was circulated for public review between February 11, 2010 and March 15, 2010. TRLIA received seven comment letters in response to the draft IS/MND, which were addressed in the Final IS/MND.

The Final IS/MND concludes that the project would not have any significant effects on the environment once mitigation measures are implemented. Key areas of mitigation for this project include air quality, biological resources, cultural resources, geology and soils, hazards and hazardous materials, hydrology and water quality, noise, public services, and transportation/traffic. TRLIA developed a Mitigation Monitoring and Reporting Program in order to provide for the implementation of the mitigation measures identified in the IS/MND.
Copies of the Final IS/MND, the Mitigation Monitoring and Reporting Program, and the Draft IS/MND were distributed to the TRLIA Board Members and were made available to the public. Adoption of the Mitigated Negative Declaration and approval of the project by the TRLIA Board took place on April 20, 2010.

**Discussion**

Minor changes to the UYLIP have occurred since completion of the Final IS/MND. Changes in a project may be addressed under CEQA by a supplement to the negative declaration or an addendum, depending on whether such changes result in new or substantially more severe environmental impacts. Since completion of the Final IS/MND, the project construction schedule has been revised and the proposed mitigation measures for Biological Resources have been updated. The revised construction schedule and mitigation measures are described in the Addendum. The project goals and objectives have not changed. TRLIA, as lead agency for the project under CEQA, has determined that these changes to the UYLIP project constitute minor technical changes or additions to the IS/MND and have prepared this addendum in accordance with Section 15164 of the State CEQA Guidelines.

**Fiscal Impact**

There is no fiscal impact of this action. The project will be funded through an Early Implementation Project (EIP) funding agreement with the State, which was executed on October 20, 2009.

**Attachments:**

1. Addendum to the Adopted Initial Study/Mitigated Negative Declaration for the Upper Yuba Levee Improvement Project
ADDENDUM TO THE
INITIAL STUDY/ MITIGATED NEGATIVE DECLARATION

FOR THE UPPER YUBA LEVEE IMPROVEMENT PROJECT
(SIMPSON LANE TO THE GOLDFIELDS)

YUBA COUNTY, CALIFORNIA

State Clearinghouse # 2010022039

Three Rivers Levee Improvement Authority

January 2011

Attachment 1
Date: January 26, 2011

To: Interested Parties

From: Paul Brunner, P.E., Executive Director, Three Rivers Levee Improvement Authority

Subject: Addendum to the Adopted Initial Study/Mitigated Negative Declaration for the Upper Yuba Levee Improvement Project

On February 11, 2010, the Three Rivers Levee Improvement Authority (TRLIA) distributed to public agencies and the general public the Draft Initial Study/Mitigated Negative Declaration (Draft IS/MND) on the Upper Yuba Levee Improvement Project (UYLIP). All comments received on the Draft IS/MND were considered and incorporated into the Final IS/MND. The Final IS/MND was accompanied by a Mitigation Monitoring and Reporting Plan. Adoption of the Mitigated Negative Declaration and approval of the project by TRLIA took place on April 20, 2010. The Draft and Final IS/MND were prepared on behalf of TRLIA in accordance with the requirements of the California Environmental Quality Act (CEQA) Statutes and the State CEQA Guidelines.

Minor changes to the project have occurred since completion of the Final IS/MND. Changes in a project may be addressed by a supplement to the negative declaration or an addendum, depending on whether such changes result in new or substantially more severe changes in environmental impacts. Since completion of the Final IS/MND, the project construction schedule has been revised and the proposed mitigation measures for Biological Resources require updating. The revised construction schedule and mitigation measures are described in this Addendum. The project goals and objectives have not changed. TRLIA, lead agency for the project under CEQA, has determined that these changes to the UYLIP project constitute minor technical changes or additions to the IS/MND and has prepared this addendum in accordance with Section 15164 of the State CEQA Guidelines.

This Addendum and the Final IS/MND may be reviewed at TRLIA’s Web site, http://www.trlia.org/. For questions regarding the Addendum and Final IS/MND and documents referenced in the IS/MND, contact Laurie Warner Herson, (916) 569-1000, Laurie.WarnerHerson@hdrinc.com. Questions about the project can be sent to Paul Brunner, P.E., Executive Director, Three Rivers Levee Improvement Authority, 1114 Yuba Street, Suite 218, Marysville, CA 95901, fax (530) 749-6990, or by e-mail: pbrunner@co.yuba.ca.us.

Sincerely,
Paul G. Brunner, P.E.
Executive Director
Three Rivers Levee Improvement Authority
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<th>Title</th>
<th>Page</th>
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<td>1</td>
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1 INTRODUCTION

1.1 BACKGROUND

On February 11, 2010, the Three Rivers Levee Improvement Authority (TRLIA) distributed to public agencies and the general public the Draft Initial Study/Mitigated Negative Declaration (Draft IS/MND) on the Upper Yuba Levee Improvement Project (UYLIP). All comments received on the Draft IS/MND were considered and incorporated into the Final IS/MND. The Final IS/MND was accompanied by a Mitigation Monitoring and Reporting Plan. Adoption of the Mitigated Negative Declaration and approval of the project by TRLIA took place on April 20, 2010. The Final IS/MND can be reviewed at TRLIA’s Web site, http://www.trlia.org/. The Draft and Final IS/MND were prepared on behalf of TRLIA in accordance with the requirements of the California Environmental Quality Act (CEQA) Statutes (Public Resources Code [PRC] Sections 21000 et seq.) and the State CEQA Guidelines (Title 14, Section 15000 et seq. of the California Code of Regulations). TRLIA is a joint powers authority composed of Yuba County and Reclamation District (RD) 784 that was formed to address funding and implementation of levee repairs for the RD 784 area.

TRLIA, as the local, non-federal sponsor initiated a separate CEQA document in order to facilitate the initiation of right-of-way acquisitions and State and/or local approvals needed for construction of the proposed project. However, the project also required permission from the U.S. Army Corps of Engineers (Corps) pursuant to Section 408 of the Rivers and Harbors Act of 1899 (i.e., “Section 408”) for alteration of a Federal project. Since the proposed improvements to the Yuba River South Levee (YRSL) required Federal action and have the potential to significantly affect the quality of the human and natural environment, compliance with the National Environmental Policy Act (NEPA) as well as other Federal laws was also required. The Corps completed a Draft Environmental Assessment (EA) and distributed it for public review and comment on May 21, 2010. Two comments were received during the 30-day public review period. All comments were considered by the Corps and the non-Federal sponsor, and revisions were made to the Final EA, as appropriate. The Finding of No Significant Impact (FONSI) was signed on December 29, 2010.

The UYLIP consists of levee improvements along a segment of the south levee of the Yuba River from approximately Simpson Lane (PLM 2.2; Project Station 102+00) to the Yuba Goldfields (PLM 6.1; Project Station 303+59) (Figure 1-1). The total length of the project is approximately 3.9 miles. Figure 1-1 shows the project location and vicinity. Figures 1-2a thru 1-2h show the proposed levee improvements and the habitat types in the project area. Levee improvements would consist of cutoff walls, seepage berms, levee geometry corrections, and levee slope erosion protection.

The purpose of the proposed project is to correct through seepage, under seepage, and geometric levee deficiencies and improve flood protection on the YRSL. The proposed project would provide a minimum 200-year level of flood protection in the project area and ensure that the project area meets the minimum requirements of Federal and State laws. The proposed improvements are intended to meet the engineering and design standards of the CVFPB and the Corps.

As is typical of all planning and design processes, minor changes to the project have occurred since completion of the Final IS/MND. Changes in a project may be addressed by a supplement to the negative declaration or an addendum, depending on whether such changes result in new or substantially more severe environmental impacts. Since completion of the Final IS/MND, the project construction schedule has been revised and the proposed mitigation measures for Biological Resources have been updated. The revised construction schedule and mitigation measures are described in this Addendum. The project goals and objectives have not changed. TRLIA, as lead agency for the project under CEQA, has determined that these changes to the UYLIP project constitute minor technical changes or additions to the IS/MND and has prepared this addendum in accordance with Section 15164 of the State CEQA Guidelines.
1.2 REGULATORY CONTEXT

If, after adoption of a negative declaration (ND) or mitigated negative declaration (MND), altered conditions or changes or additions to a project occur, CEQA provides two mechanisms to address these changes: a subsequent negative declaration or an addendum to a negative declaration.

Section 15162 of the State CEQA Guidelines describes the conditions under which preparation of a subsequent negative declaration (or EIR) would be appropriate. When an ND or MND has been adopted (or and EIR has been certified) for a project, preparation of a subsequent ND or MND (or EIR) would be appropriate if the lead agency determines, on the basis of substantial evidence in light of the whole record, that one or more of the following conditions is met:

1. Substantial changes are proposed in the project which will require major revisions of the previous EIR or negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;

2. Substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous EIR or negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or

3. New information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was certified as complete or the negative declaration was adopted, shows any of the following:
   A. The project will have one or more significant effects not discussed in the previous EIR or negative declaration;
   B. Significant effects previously examined will be substantially more severe than shown in the previous EIR;
   C. Mitigation measures or alternatives previously found not to be feasible would in fact be feasible, and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative; or
   D. Mitigation measures or alternatives which are considerably different from those analyzed in the previous EIR would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.

Section 15164 of the State CEQA Guidelines states that a lead agency may prepare an addendum to an adopted negative declaration if only minor technical changes or additions are necessary or none of the conditions described in Section 15162 calling for the preparation of a subsequent negative declaration have occurred.

The analysis below will demonstrate that changes and additions to the UYLIP since adoption of the mitigated negative declaration on April 20, 2010:

- would not result in any new significant environmental effects, and
- would not substantially increase the severity of previously identified effects.

In addition, no new information of substantial importance has arisen that shows that:
- the project would have new significant effects,
- the project would have substantially more severe effects,
- mitigation measures previously found to be infeasible would in fact be feasible, or
mitigation measures that are considerably different from those analyzed in the IS/MND would substantially reduce one or more significant effects on the environment.

Because none of the conditions described in Section 15162 of the State CEQA Guidelines calling for preparation of a subsequent negative declaration have occurred, an addendum to the UYLIP IS/MND, consistent with Section 15164 of the State CEQA Guidelines, is the appropriate mechanism to document the minor technical changes and additions to the project. The purpose of this addendum, therefore, is to provide the additional CEQA analysis necessary to address the minor changes to the project and provide documentation for the record that these changes are consistent with the earlier Final UYLIP IS/MND.
2 CHANGES TO THE PROJECT

The primary change to the project is related to the overall construction schedule. The UYLIP IS/MND stated that construction of the UYLIP would begin in July 2010 and end in November 2010. Due to delays in securing the necessary federal approvals and permits for the project as well acquiring right-of-way, construction of the UYLIP is now scheduled to commence on or after April 15, 2011.

As a result of these delays, the timing for implementing mitigation for the previously identified and evaluated 34 elderberry shrubs in the project area has changed. The previous schedule would have required that shrubs be transplanted during the non-dormant period, approximately February 16th through October 31st (see Final IS/MND, page 60). The new construction schedule provides the opportunity for transplanting the 34 elderberry shrubs during the dormant season (November 1 - February 15). This change is anticipated to result in a reduction in adverse effects to the valley elderberry longhorn beetle (VELB), a species listed as threatened under the federal Endangered Species Act of 1973 (ESA). Compensation for the 34 elderberry shrubs previously identified for removal and transplantation in the UYLIP IS/MND under Mitigation Measure BIO-3 needs to be revised because the 34 elderberry shrubs would be transplanted during the dormant period, reducing effects to the VELB.

Consultation in accordance with Section 7(a)(2) of the Endangered Species Act of 1973, as amended (16 U.S. C 1531 et seq.) to evaluate the potential effects of the UYLIP on federally-listed threatened and endangered species, including the VELB, is still pending. These project revisions are described in further detail below.

2.1 CHANGE IN CONSTRUCTION SCHEDULE

A construction period of approximately four months is planned for the project. Construction will commence on or after April 15, 2011, beginning with contractor mobilization, and ending with clean-up and contractor demobilization. As described in the Final UYLIP IS/MND, the proposed project could be constructed using two different scenarios: Scenario 1 consists of constructing the proposed project over a four month timeframe, working 15 hours per day; and, Scenario 2 consists of constructing the proposed project over a three month timeframe, working 24 hours per day. Under Scenario 2, construction would not likely need to occur continuously for 24 hours per day for the entire three month period but would likely include a combination of 15 hour per day activities and 24 hour per day activities. Schedule highlights are as follows:

- Mobilization: Mobilization would include setting up construction offices and the slurry batch plant and transporting heavy earthmoving equipment to the site. These activities may take approximately two weeks.

- Levee Degradation: The existing levee would be degraded on average seven feet to provide a working platform.

- Cutoff wall installation: This activity would begin soon after mobilization and concurrent with levee degradation. Construction would take approximately one to two months depending on the amount of equipment working simultaneously.

- Construction of seepage berms: Seepage berms would be constructed after levee degradation and concurrently with installation of the cutoff wall.

- Levee geometry corrections: Levee cross sectional geometry corrections would be constructed after installation of the cutoff wall.

- Utilities/Penetrations: Any required temporary utility relocations or work associated with levee penetrations would be conducted after construction of the cutoff wall.
Demobilization: Demobilization would include removal of equipment and materials from the project site, disposal of excess materials at appropriate facilities, and restoration of staging areas and temporary access roads to pre-project conditions. Demobilization activities would likely occur in various locations as construction proceeds along the project alignment, but would be completed in 2011.

2.2 SECTION 7 CONSULTATION FOR VELB

On June 10, 2010, the Corps initiated ESA Section 7 consultation with the U.S. Fish and Wildlife Service (USFWS) to evaluate the potential effects of the UYLIP on federally-listed threatened and endangered species, species proposed for listing, or designated Critical Habitat. Consultation ensued and on August 16, 2010, the Corps received the Biological Opinion for the Upper Yuba Levee Improvement Project, Yuba County, California (Service File# 81420-2010-F-0814-1). The Biological Opinion determined that the UYLIP project was likely to adversely affect the federally listed as threatened valley elderberry longhorn beetle (*Desmocerus californicus dimorphus*) and included an Incidental Take Statement for the beetle. The Biological Opinion also stated that the UYLIP project was not likely to adversely affect the federally listed as endangered vernal pool tadpole shrimp (*Lepidurus packardi*) and the federally listed as threatened vernal pool fairy shrimp (*Branchinecta lynchii*).

The project Biological Opinion (BO) received on August 16, 2010 allowed for the transplanting of a total of 34 elderberry shrubs during the non-dormant season and the take of all VELB inhabiting those 34 shrubs to accommodate the proposed 2010 (late summer) construction schedule. Because the 34 elderberry shrubs were scheduled to be transplanted during the non-dormant season, a mitigation ratio of 2.5 to 1 was applied pursuant to the *Conservation Guidelines for the Valley Elderberry Longhorn Beetle* (Guidelines). As a result of revisions to the project schedule, it is anticipated that nearly all of the 34 elderberry shrubs could instead be transplanted during the dormant season (approximately November 1st through February 15th), prior to commencement of construction of levee improvements. Transplanting the elderberry shrubs during the dormant season would actually reduce the potential for impacts to VELB and increase the likelihood that the shrub would survive the transplant process. Because adverse effects to the VELB would be reduced as a result of dormant season transplanting, mitigation ratios may be reduced, consistent with the standard minimization ratios included in the Guidelines for the dormant season (1:1). Consultation for the reduced mitigation ratios is still pending at this time; however, it is anticipated to be received in late January 2011, prior to the end of the dormant season. It should be noted that unanticipated conflicts and delays could occur that may delay the proposed transplanting schedule. Consequently, if some or all of the 34 elderberry shrubs could not be transplanted during the dormant season due to unforeseen project constraints, TRILIA would need to transplant those shrubs during the non-dormant season as allowed by the original Biological Opinion.

The following table identifies the proposed minimization ratios for the dormant season versus the non-dormant season transplant scenario.

**Table 2-1. Proposed minimization ratios based on location (riparian vs. non-riparian), stem diameter of affected elderberry plants at ground level, and presence or absence of exit holes depending upon when transplanted (i.e., during the dormant season vs. non-dormant season)**

<table>
<thead>
<tr>
<th>Location</th>
<th>Stem Diameter at ground level (inches)</th>
<th>Exit Hole on Shrub (Yes or No)</th>
<th>Elderberry Seeding Ratio</th>
<th>Associated native plant ratio</th>
<th>Number of Stems Removed</th>
<th>Dormant Season</th>
<th>Non-Dormant Season</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Replacement Elderberry Seedlings/ Cuttings</td>
<td>Associated Native Plants</td>
</tr>
<tr>
<td>Riparian</td>
<td>≥ 1” - ≤ 3”</td>
<td>No</td>
<td>2:1</td>
<td>1:1</td>
<td>97</td>
<td>194</td>
<td>194</td>
</tr>
<tr>
<td>Riparian</td>
<td>&gt; 3” - &lt; 5”</td>
<td>No</td>
<td>3:1</td>
<td>1:1</td>
<td>24</td>
<td>72</td>
<td>72</td>
</tr>
<tr>
<td>Riparian</td>
<td>≥ 5”</td>
<td>No</td>
<td>4:1</td>
<td>1:1</td>
<td>16</td>
<td>64</td>
<td>64</td>
</tr>
<tr>
<td>Non-riparian</td>
<td>≥ 1” - ≤ 3”</td>
<td>No</td>
<td>1:1</td>
<td>1:1</td>
<td>214</td>
<td>214</td>
<td>214</td>
</tr>
<tr>
<td>Non-riparian</td>
<td>&gt; 3” - &lt; 5”</td>
<td>No</td>
<td>2:1</td>
<td>1:1</td>
<td>85</td>
<td>170</td>
<td>170</td>
</tr>
<tr>
<td>Non-riparian</td>
<td>≥ 5”</td>
<td>No</td>
<td>3:1</td>
<td>1:1</td>
<td>50</td>
<td>150</td>
<td>150</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Total Replacement Plantings</th>
<th>864</th>
<th>864</th>
<th>2,160</th>
<th>2,160</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Elderberry shrubs to be transplanted</td>
<td>34</td>
<td></td>
<td>34</td>
<td></td>
</tr>
<tr>
<td>Total number of VELB units or acreage required</td>
<td>$\frac{1,728}{10} = 173$ VELB units or $7.15$ acres</td>
<td>$\frac{4,320}{10} = 432$ VELB units or $17.85$ acres</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Following the dormant season scenario and reducing the mitigation ratio to 1:1 would constitute a minor change to Mitigation Measure BIO-3: Compensate for Unavoidable Impacts to Elderberry Shrubbs. However, as described in the Final IS/MND, under Mitigation Measure BIO-3, Option 1, TRLIA intends to transplant the 34 elderberry shrubs from the project area to an unused portion of the Sacramento River Flood Control System Evaluation, Phase II (Marysville-Yuba City Area) mitigation site (referred to as the Anderson Mitigation Site). Therefore, Mitigation Measure BIO-3 would still be applicable and the overall impact to VELB would not be substantially changed from that already analyzed in the UYLIP IS/MND.

In addition to consulting with USFWS for reduced mitigation ratios for transplanting elderberry shrubs during the dormant season, TRLIA is requesting to conduct construction activities within 100 feet of elderberry shrubs during the flight season of the VELB (March 15 to June 15). As stated above, consultation with USFWS is still pending at this time; however, it is anticipated that in order to conduct construction activities within 100 feet of elderberry shrubs during the flight season of the VELB and to minimize potential impacts to the VELB, a biological monitor will be required on site. The biological monitor will be required to monitor the shrubs no less frequently than every other work day. If a VELB is discovered during this period, the monitor will report the discovery to USACE and USFWS and the shrub will require continuous daily monitoring. A monitoring report would be provided to USACE and USFWS. These requirements constitute additions to Mitigation Measure BIO-2: Implement Minimization and Avoidance Measures for Elderberry Shrubbs. The remaining measures listed under Mitigation Measure BIO-2, would still be applicable and the overall impact to VELB would not be substantially changed from that already analyzed in the UYLIP IS/MND as a result of this request.
3 ENVIRONMENTAL ANALYSIS

This section provides the analysis to verify that: (1) the minor technical changes and additions to the UYLIP described in Chapter 2 of this document do not meet any of the criteria in Sections 15162 of the State CEQA Guidelines for preparation of a subsequent negative declaration and meet the criteria of 15164 of the State CEQA Guidelines for preparation of an addendum to the adopted mitigated negative declaration; and, (2) the combined analysis of the UYLIP in the IS/MND and this Addendum is sufficient to meet CEQA requirements.

The evaluation below is provided in the form of a narrative discussion addressing each environmental issue area included in the UYLIP IS/MD (e.g., land use, transportation/traffic, air quality).

3.1 ANALYSIS BY RESOURCE TOPIC

With the exception of Biological Resources and Cultural Resources which are discussed below in sections 3.1.1 and 3.1.2 respectively, Table 3-1 provides a qualitative comparison of overall project impacts identified in the IS/MND versus the proposed minor technical changes and additions.

Table 3-1. Qualitative Comparison of Overall Project Impacts Identified in the IS/MND v. the Proposed Minor Technical Changes and Additions

<table>
<thead>
<tr>
<th>Resource Area</th>
<th>Potential Impacts Identified in the IS/MND</th>
<th>Proposed Avoidance, Minimization, and/or Mitigation Measures</th>
<th>New (Current) Impact Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aesthetics</td>
<td>Temporary disruption to the existing visual quality of the area during construction due to presence of construction equipment.</td>
<td>None required</td>
<td>The proposed minor technical changes and additions would not result in any new or substantially greater impacts to aesthetics.</td>
</tr>
<tr>
<td>Agriculture and Forestry Resources</td>
<td>Conversion of approximately 0.05 acres of Farmland of Statewide Importance and approximately 99.07 acres of prime farmland if irrigated.</td>
<td>None required</td>
<td>The proposed minor technical changes and additions would not result in any new or substantially greater impacts to farmland or forestry resources.</td>
</tr>
<tr>
<td>Air Quality</td>
<td>The project would cause temporary (construction-related) emissions; No permanent impacts</td>
<td>Implement Feather River Air Quality Management District’s recommended emissions reduction measures and provide funding to the District’s Carl Moyer Grant Program.</td>
<td>The project would still be constructed using the two previously identified and evaluated construction scenarios and air quality emissions would remain the same as projected under these scenarios in the UYLIP IS/MND. Therefore, the proposed minor technical changes and additions would not result in any new or substantially greater impacts to air quality.</td>
</tr>
<tr>
<td>Geology/Soils</td>
<td>Temporary construction impacts related to soil disturbance and erosion would occur.</td>
<td>Prepare a Stormwater Pollution Prevention Plan and comply with other applicable water quality regulations.</td>
<td>The proposed minor technical changes and additions would not result in any new or substantially greater impacts to geology and soils.</td>
</tr>
<tr>
<td>Greenhouse Gas Emissions</td>
<td>The project would cause temporary (construction-related) greenhouse gas emissions; No permanent impacts</td>
<td>None required</td>
<td>The project would still be constructed using the two previously identified and evaluated construction scenarios and greenhouse gas emissions would remain the same as projected under these scenarios in the UYLIP IS/MND. Therefore, the proposed minor technical changes and additions would not result in any new or substantially greater impacts to greenhouse gas emissions.</td>
</tr>
<tr>
<td>Resource Area</td>
<td>Potential Impacts Identified in the IS/MND</td>
<td>Proposed Avoidance, Minimization, and/or Mitigation Measures</td>
<td>New (Current) Impact Value</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Hazardous Waste/Materials</td>
<td>Temporary construction impacts related to use of hazardous substances (i.e. fuel, solvents, and oils) and risk of accidental release.</td>
<td>Prepare a Stormwater Pollution Prevention Plan; comply with other applicable water quality regulations; employees training in safe handling and storage of hazardous materials; and, clear areas slated for construction using spark-producing or intense heat-producing equipment.</td>
<td>The proposed minor technical changes and additions would not result in any new or substantially greater impacts to hazardous waste/materials.</td>
</tr>
<tr>
<td>Hydrology/Water Quality</td>
<td>Temporary construction impacts related to soil disturbance and erosion, use of hazardous substances (i.e. fuel, solvents, and oils) and risk of accidental release into nearby waterways.</td>
<td>Prepare a Stormwater Pollution Prevention Plan and comply with other applicable water quality regulations.</td>
<td>The proposed minor technical changes and additions would not result in any new or substantially greater impacts to hydrology and water quality.</td>
</tr>
<tr>
<td>Land Use</td>
<td>The project is consistent with the Yuba County General Plan. The project would not disrupt existing community character or cohesion.</td>
<td>None required</td>
<td>The proposed minor technical changes and additions would not result in any new or substantially greater impacts to land use.</td>
</tr>
<tr>
<td>Mineral Resources</td>
<td>The project would not result in the loss of availability of a known mineral resource or loss of availability of a locally important mineral resource recovery site.</td>
<td>None required</td>
<td>The proposed minor technical changes and additions would not result in any new or substantially greater impacts to mineral resources.</td>
</tr>
<tr>
<td>Noise</td>
<td>Temporary construction impacts related to periodic increases in noise levels in the project area and generation of ground borne vibrations.</td>
<td>Abide by the Yuba County Noise Ordinance; maintain and equip construction equipment with noise control devices; and, conduct voluntary pre-and post construction surveys to assess potential architectural damage from construction vibrations.</td>
<td>The proposed minor technical changes and additions would not result in any new or substantially greater impacts to noise.</td>
</tr>
<tr>
<td>Population and Housing</td>
<td>The project would not induce substantial growth or displace a substantial numbers of homes or people.</td>
<td>None required</td>
<td>The proposed minor technical changes and additions would not result in any new or substantially greater impacts to population and housing.</td>
</tr>
<tr>
<td>Public Services</td>
<td>Temporary construction impacts related to limited emergency access in the project area.</td>
<td>Notify and consult with emergency service providers and take measures necessary to maintain emergency access and facilitate the passage of emergency vehicles on local streets</td>
<td>The proposed minor technical changes and additions would not result in any new or substantially greater impacts to public services.</td>
</tr>
<tr>
<td>Recreation</td>
<td>The project would not increase the use of existing recreational facilities and would not include the construction of or expansion of recreational facilities.</td>
<td>None required</td>
<td>The proposed minor technical changes and additions would not result in any new or substantially greater impacts to recreation.</td>
</tr>
<tr>
<td>Traffic/Transportation</td>
<td>The project would cause only temporary (construction-related) impacts to traffic and transportation that could disrupt local circulation and result in limited emergency access.</td>
<td>Develop and implement a traffic safety plan; minimize the accumulation of mud and dirt on local roadways; assess damage to haul and access routes; and, notify and consult with emergency service providers and take measures necessary to maintain emergency access and facilitate the passage of emergency vehicles on local streets</td>
<td>The project would still be constructed using the two previously identified and evaluated construction scenarios and haul routes and impacts to local roadways would remain the same as projected under these scenarios in the UYLIIP IS/MND. Therefore, the proposed minor technical changes and additions would not result in any new or substantially greater impacts to traffic and transportation.</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Resource Area</th>
<th>Potential Impacts Identified in the IS/MND</th>
<th>Proposed Avoidance, Minimization, and/or Mitigation Measures</th>
<th>New (Current) Impact Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utilities and Service Systems</td>
<td>The project would not require or result in the construction of new stormwater drainage facilities or expansion of existing facilities. In addition, construction and operation of the proposed project would not result in the long-term production of any solid wastes.</td>
<td>None required.</td>
<td>The proposed minor technical changes and additions would not result in any new or substantially greater impacts to utilities and service systems.</td>
</tr>
</tbody>
</table>

### 3.1.1 Biological Resources

As described in Chapter 2, due to the project construction schedule shifting, the 34 elderberry shrubs in the project area previously identified and evaluated for removal and transplantation can now be transplanted during the dormant season (November 1 - February 15). This change in the transplanting period from the non-dormant season to the dormant season would reduce the potential for impacts to VELB and increase the likelihood that the shrub would survive the transplantation process. The Corps is requesting that the standard minimization ratios (1:1) included in the Conservation Guidelines be applied to the UYLIP. Consultation for the reduced mitigation ratio is still pending at this time; however, it is anticipated to be received prior to the end of the dormant season. Therefore, compensation for the 34 elderberry shrubs previously identified for removal and transplantation in the UYLIP IS/MND under Mitigation Measure BIO-3 would be revised per the results of the consultation with USFWS. However, as stated in the UYLIP IS/MND, TRLIA intends to transplant the 34 elderberry shrubs from the project area to an unused portion of the Sacramento River Flood Control System Evaluation, Phase II (Marysville-Yuba City Area) mitigation site (referred to as the Anderson Mitigation Site under Option 1 of Mitigation Measure BIO-3). Therefore, Mitigation Measure BIO-3, would still be applicable and would not be considerably different from that already analyzed in the UYLIP IS/MND.

In addition to consulting with USFWS for reduced mitigation ratios for transplanting elderberry shrubs during the dormant season, TRLIA is requesting to conduct construction activities within 100 feet of elderberry shrubs during the flight season of the VELB (March 15 to June 15). As described in Chapter 2, it is anticipated that in order to conduct construction activities within 100 feet of elderberry shrubs during the flight season of the VELB and to minimize potential impacts to the VELB a biological monitor will be required on site. Biological monitoring of the shrubs would likely be conducted as described in Section 2.2. Biological monitoring of shrubs within 100 feet of construction activities during the flight season of the VELB would constitute an addition to Mitigation Measure BIO-2. The remaining measures listed under Mitigation Measure BIO-2, would still be applicable and the overall impact to VELB would not be substantially changed from that already analyzed in the UYLIP IS/MND as a result of this request.

The revised project schedule, revised elderberry shrub transplanting season, and conducting construction activities within 100 feet of elderberry shrubs during the VELB flight season would not substantially change any of the conclusions in the biological resources section of the UYLIP IS/MND. None of the conditions described in Section 15162 of the CEQA Guidelines calling for a preparation of a subsequent negative declaration have occurred. Given these conditions, implementation of the revised project schedule and elderberry shrub transplanting season is consistent with the CEQA requirements for use of an addendum (See Section 1.2 of this addendum). The analysis of biological resources in this addendum combined with the analysis provided in the UYLIP IS/MND are sufficient to meet CEQA requirements.
3.1.2 CULTURAL RESOURCES

As described in Section 1.1, the Corps completed an EA for the project in compliance with NEPA. As part of the NEPA process the Corps consulted with the State Historic Preservation Officer (SHPO) requesting concurrence with the determinations of eligibility of resources found in the project area and the finding of no adverse effect for the proposed project. Concurrence from the SHPO was received on September 10, 2010. This consultation and concurrence is consistent with the information and conclusions presented in the UYLIP IS/MND. Therefore, there are no new circumstances since adoption of the UYLIP IS/MND that would influence cultural resources impacts associated with the minor technical changes and additions evaluated in this addendum, and there is no new information requiring analysis for verification of the IS/MND conclusions related to this topic.

The revised project schedule would not change any of the conclusions in the cultural resources section of the UYLIP IS/MND. Given these conditions, implementation of the revised project schedule is consistent with the CEQA requirements for use of an addendum (See Section 1.2 of this addendum). The analysis of cultural resources in this addendum combined with the analysis provided in the UYLIP IS/MND are sufficient to meet CEQA requirements.

3.2 CONCLUSIONS

As described in the preceding sections, the proposed minor technical changes and additions evaluated in this addendum would not change any of the impact conclusions of the UYLIP IS/MND and would not result in new or substantially more severe environmental impacts.

Based on the analysis of the categories of environmental impacts evaluated above, implementing the UYLIP with the proposed minor technical changes and additions described in this document would result in none of the conditions described in Section 15162 of the State CEQA Guidelines calling for preparation of a subsequent negative declaration. In summary, there are no altered circumstances or new information of substantial importance since adoption of the UYLIP IS/MND, and the proposed minor technical changes and additions evaluated in this addendum:

- would not result in any new significant environmental effects,
- would not substantially increase the severity of previously identified effects,
- would not result in mitigation measures or alternatives previously found to be infeasible becoming feasible, and
- would not result in availability/implementation of mitigation measures or alternatives that are considerably different from those analyzed in the previous document that would substantially reduce one or more significant effects on the environment.

These conclusions confirm that this addendum to the UYLIP IS/MND is the appropriate CEQA document to evaluate and record the project minor technical changes and additions described in this document.
February 1, 2011

TO: Three Rivers Levee Improvement Authority Board
FROM: Paul G. Brunner, Executive Director
       Seth Wurzel, Financial Consultant
       Max Steinheimer, Real Estate Legal Counsel
       Bob Morrison, Real Estate Consultant

SUBJECT: TRLIA Prior Work (Phase 2 and Initial Phase 4) Real Estate Requirements

Recommended Action
Approve the creation of a TRLIA Real Estate Plan for the WPIC, Upper Bear River above the Bear Setback levee, and portions of the Yuba River levee between Hwy 70 and Simpson Lane, and authorize Executive Director to prepare the Plan and make necessary TRLIA Budget amendments for Board Approval.

Background
Under TRLIA Phase 2, & initial Phase 4 work TRLIA improved the levees on the WPIC, Upper Bear River above the Bear Setback levee, and portions of the Yuba River levee between Hwy 70 and Simpson Lane. For this staff report this levee work will be referred to Prior Levee Work. This Prior Levee Work and the two State EIP projects (Feather and UYLIP) were combined to make the recent TRLIA levee system certification to FEMA.

Discussion
This year it is anticipated that TRLIA will be constructing the last levee improvement project (UYLIP) to achieve complete 100-year FEMA Accreditation. Completion of levee work for 200-year Flood Protection is still pending the results of the TRLIA ongoing Goldfields hydraulic analysis, and review/analysis of the recent DWR 200-year interim levee design criteria.

As TRLIA nears completion of levee improvements, at least for the 100-year flood event, TRLIA staff has been evaluating all prior agreements and permits pertaining to Prior Levee Work. During this review TRLIA staff found that Real Estate Acquisitions as required by encroachment permits along the WPIC, Upper Bear above the Bear Setback levee, and portions of the Yuba River levee between Hwy 70 and Simpson Lane were not fully completed. The attached map identifies the location of the Prior Levee Work Segments. Examples of what still needs to be done are the acquisition of a 50-ft landside levee toe access corridor along the WPIC, and the evaluation of levee toe access corridor options for residential homes just north of the UPRR that abut against the Yuba River Levee. Completing the Prior Levee Work Real Estate actions does not impact TRLIA certification to FEMA, but is needed to fulfill all encroachment permit requirements that were given to TRLIA to make the levee improvements.
TRLIA staff has done some initial work on this topic to determine overall cost, but needs TRLIA Board approval to move forward and develop the necessary TRLIA Real Estate Acquisition Plan.

**Fiscal Impact**

Local Funding Sources would cover all Prior Levee Work Real Estate costs.

The initial cost to do this work is estimated to range from 2 to 3 million dollars (real estate and legal consultant work, and real estate acquisition). The cost for the residential homes that abut against the Yuba Levee just north of the UPPR would be added once the options have been fully evaluated.

Local Funding Sources are those local funds that came from developer advance funding used to cash flow TRLIA’s levee improvement work prior to the EIP Projects and the Yuba Levee Financing Authority Joint Financing. Recently received reimbursements and future received reimbursements to be received from the State represent those Local Funding Sources coming back to TRLIA after having cash flowed current projects.

Reimbursements from the State for creditable UYRLIP & FRLIP work as well as remaining reimbursements from the State for the State Share of Feather River EIP work not yet received total approximately $15 million. Remaining local costs for the UYRLIP and FRLIP projects total approximately $6 million leaving approximately $9 million for other remaining TRLIA projects including the Prior Levee Work Real Estate. Approximately $5.5 million is currently available in the 805 TRLIA Account.

The TRLIA FY10/11 and forecasted FY11/12 Budget would be amended to include this work.

Attachment:

1. Prior Work Real Estate Map