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

JUNE 19, 2012 – 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  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.

III  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 May 22, 2012.

IV  ACTION ITEMS

   A. Review and accept proposed RD 784/TRLIA proposed Fiscal Year 2012/2013 budget for maintenance of levees improved by TRLIA.

   B. Adopt a resolution updating and ordering levy of assessments within the Levee And Flood Control Facilities Assessment District for Fiscal Year 2012-2013.

   C. Accept Proposed Budget for Fiscal Year 2012-2013; direct copies be available for public inspection; and set Final Budget Hearing for Tuesday, July 17, 2012 at 3:00 p.m.

V  BOARD AND STAFF MEMBERS’ REPORTS

   A. Waiver of Conflict of Interest for Wilbert Packing and Shoel Foods
   B. Goldfields High Ground Evaluation
   C. Other Reports

VI  CLOSED SESSION:

   A. Conference with real property negotiators pursuant to Government Code §54956.8 – Property: APN 018-150-035, 018-190-104 Negotiating Parties: Michele Barker/Karin Deveraux/Brien Smith/Lisa Smith/TRLIA Bob Morrison/Max Steinheimer Negotiations: Terms of Payment

VII  ADJOURN

The complete agenda is available at the Yuba County Government Center, 915 8th Street, Suite 109 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 less than 72 hours prior to the meeting is available at Suite 109 during normal business hours. In compliance with the Americans 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.
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

MAY 22, 2012

MINUTES

A special meeting of the Board of Directors of the Three Rivers Levee Improvement Authority (TRLIA) was held on the above date, commencing at 2:01 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, Counsel Scott Shapiro, and Deputy Clerk of the Board of Supervisors Rachel Ferris. Chair Griego presided.

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

II ACTION ITEMS

A. Approve minutes of the regular meeting of April 30 and May 1, 2012. Approved as written.

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

B. Adopt resolution of public necessity for the taking of certain property and identified as Assessor Parcel No. 021-042-027 (Humam El Sharif) for Three Rivers Upper Yuba River Levee Improvement Project. Special Counsel Kelly Pope recapped required findings for the exercise of the power of eminent domain. Design Manager Larry Dacus recapped levee deficiencies from Simpson Lane to the Goldfields’.

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


C. Adopt resolution of public necessity for the taking of certain “gap” property bordered by Assessor Parcel No. 018-150-032 to the North and Assessor Parcel No. 018-150-035 to the South, for Three Rivers Upper Yuba River Levee Improvement Project. Ms. Pope recapped they have been unable to determine ownership of the gap property.

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

05/22/2012 - TRLIA

MOTION: Direct general counsel and special counsel to take appropriate legal action in imminent domain to acquire the necessary property interests for the repair, construction, installation and maintenance of the Upper Yuba River Levee Improvement Project on both items B and C
MOVED: John Nicoletti           SECOND: Jerry Crippen
AYES: John Nicoletti, Jerry Crippen, Rick Brown, Don Graham, Mary Jane Griego
NOES: None                      ABSTAIN: None            ABSENT: None

D. Adopt resolution accepting funding for the Goldfields High Ground Feasibility project through the Yuba Feather Flood Protection Program under the Safe Drinking, Clean Water, Watershed Protection, and Flood Protection Act (Proposition 13). Executive Director Paul Brunner recapped request and responded to Board inquiries.

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

Adopted Resolution No. 2012-08 entitled: “A RESOLUTION BY THE BOARD OF DIRECTORS OF THREE RIVERS LEVEE IMPROVEMENT AUTHORITY ACCEPTING FUNDING THROUGH THE YUBA FEATHER FLOOD PROTECTION PROGRAM UNDER THE SAFE DRINKING WATER, CLEAN WATER, WATERSHED PROTECTION, AND FLOOD PROTECTION ACT (PROPOSITION 13)

E. Approve additional construction costs in the amount of $180,000 for Feather River Segment 3 landside levee access corridor. Executive Director Paul Brunner recapped project and responded to Board inquiries.

Design Manager Larry Dacus recapped encroachment permit requirements, drainage plan and design, initial findings, mitigation efforts, and responded to Board inquiries.

GEI Consultant Dan Wanket recapped design cross sections for access corridor, “v” ditch, vehicle barriers and fencing.

Mr. Brunner advised the next community meeting is June 11, 2012 at 6:30 at the Restoration Center, advising literature will be available in Spanish and there would be a Spanish interpreter.

Central Valley Flood Protection Board Chief Engineer Len Marino advised peer review of the survey conducted by TRLIA was accurate, encroachments do exist on state property, and they are satisfied with the actions TRLIA has taken.

Chair Griego opened the public hearing. The following individual spoke:
- Mr. Monty Hecker, 5548 Feather River Boulevard
MOTION: Move to approve    MOVED: Jerry Crippen    SECOND: Rick Brown
AYES: Jerry Crippen, Rick Brown, Jerry Crippen, Don Graham, Mary Jane Griego
NOES: None    ABSTAIN: None    ABSENT: None

III  BOARD AND STAFF MEMBERS REPORTS

Executive Director Paul Brunner:
- Yuba Goldfield's High Ground Evaluation status
- Flood Management Association Conference September 4 – 7, 2012
- TRLIA meeting scheduled for June 5, 2012 is cancelled

Scott Shapiro:
- Flood Protection Plan draft and resolution at Central Valley Flood Protection Board for review

IV  ADJOURNED at 3:34 pm. by Chair Griego.

__________________________________________  Chair

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

__________________________________________  Approved:

Rachel Ferris, Deputy Clerk
June 19, 2012

TO: Three Rivers Levee Improvement Authority Board
FROM: Paul Brunner, Executive Director
SUBJECT: FY 2011/12 TRLIA Benefit Assessment District Revenues and FY 2012/13 RD 784 Levee Maintenance Budget

Recommendation:

Review and accept the proposed RD 784/TRLIA proposed FY 12/13 budget for maintenance of levees improved by TRLIA.

Background:

On June 2, 2009 the TRLIA Board adopted a resolution to form the Benefit Assessment District to pay for long-term maintenance and operations on approximately 29 miles of improved levees.

On August 4, 2009 TRLIA and RD 784 signed a Memorandum of Agreement(MOA) that outlined the relationship of the Organization in regards to using the TRLIA Assessment revenues. RD 784 is to operate and maintain improved levees and TRLIA's formation of the Assessment District is to fund that operation and maintenance. In addition, the MOA sets forth the budget process that will take place annually. TRLIA and RD 784 will work cooperatively to prepare a budget that clarifies how the assessment district funds will be used. The TRLIA Board will then review and accept that budget. As TRLIA has informed the public throughout the assessment district process, the TRLIA Board will participate in the RD 784 levee maintenance budgeting process to ensure that assessment revenues are being used to achieve the operations and maintenance requirements of the many federal, State, and local agreements signed by TRLIA. In addition, TRLIA must review the budget in order to ensure that the assessment funds will be used for the purposes approved by the benefited property owners. The MOA also provides for the transfer of revenues from TRLIA to RD 784. Finally, the MOA provides for an administrative fee for TRLIA's management of the assessment in the amount of TRLIA's actual costs or 3% of the assessment revenues, whichever is less. TRLIA's administrative charges for FY 2011/12 were $16,000. TRLIA estimates that its direct cost associated with administering the assessment district in FY 2012/13 to be approximately this same amount.

Discussion:

In FY 2011/2012, TRLIA’s total assessment levy was $847,849.66. Based upon actual revenues received, and historical levies from prior years, RD 784 can anticipate approximately $790,000 in revenue for FY 2012/2013.
The proposed RD 784 Budget for FY 2012/13 is based upon receiving this approximate amount from TRLIA. However, the proposed RD 784 budget does not provide funding for emergency repairs to the levees and pumps stations that could be caused by weather conditions or vandalism during FY 2012/2013. To the extent that RD 784 incurs these unbudgeted costs and there is additional revenue available from TRLIA’s assessment after TRLIA’s direct costs of administration are covered, TRLIA would be able to fund these costs if requested by RD 784.

TRLIA staff provided input to RD 784 as the levee maintenance budget specifics were developed. TRLIA staff have reviewed the proposed RD 784 FY 2012/2013 budget for maintenance of levees improved by TRLIA and concurs with the projected expenditures and has determined that the proposed levee maintenance budget adheres to the criteria outlined in the approved TRLIA Assessment District Engineer’s Report.

**Fiscal Impact:**

For FY 2012/13, TRLIA’s Benefit Assessment is projected to generate a net amount of approximately $790,000 for RD 784 operations and maintenance. Assessment revenues will be collected by the County Treasurer on property tax bills and by TRLIA through direct billed assessments. These revenues will be deposited into TRLIA’s Benefit Assessment District Fund No. 818, then transferred to RD 784 for levee maintenance after all County and TRLIA administrative expenses have been paid. Based upon this process, there will be no net fiscal impact to TRLIA’s general fund operations.

Attachment:
RD 784 Proposed FY12/13 Budget for levee maintenance
## RD784 2012-2013 Budget

<table>
<thead>
<tr>
<th>REVENUE SOURCES</th>
<th>Input Amounts</th>
<th>Total Revenue</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>TRUIA</td>
<td>789,574.50</td>
<td>1,676,574.50</td>
<td></td>
</tr>
<tr>
<td>RD784</td>
<td>665,000.00</td>
<td>1,676,573.69</td>
<td>0.81</td>
</tr>
<tr>
<td>CSA</td>
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<td></td>
</tr>
<tr>
<td>Total Revenue</td>
<td>1,676,574.50</td>
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<td></td>
</tr>
</tbody>
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### Direct Expenses Employee Salaries and Fringe

<table>
<thead>
<tr>
<th>Department</th>
<th>Amount</th>
<th>TRUIA Urban Budget (70%)</th>
<th>RD784 Rural Budget (30%)</th>
<th>% of Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>$353,916.96</td>
<td>$247,741.87</td>
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<tr>
<td>FICA</td>
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<td>$15,360.00</td>
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<td>Medicare</td>
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<td>$1,539.54</td>
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<td>Federal UI</td>
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<td>$198.19</td>
<td>$84.94</td>
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<tr>
<td>State UI</td>
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<td>$29.73</td>
<td>$12.74</td>
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<tr>
<td>State Work Comp</td>
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<td>$7,729.55</td>
<td>$3,312.66</td>
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<tr>
<td>Health</td>
<td>$86,880.24</td>
<td>$60,816.17</td>
<td>$26,064.07</td>
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<tr>
<td>Dental</td>
<td>$9,884.16</td>
<td>$6,918.91</td>
<td>$2,965.25</td>
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<tr>
<td>Vision</td>
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<td>$890.40</td>
<td>$381.60</td>
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<tr>
<td>Pension ING</td>
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<td>$22,296.77</td>
<td>$9,555.76</td>
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<td>Pension contingency</td>
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<td>$4,954.84</td>
<td>$2,123.50</td>
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### Direct Expenses Insurance

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>TRUIA Urban Budget (70%)</th>
<th>RD784 Rural Budget (30%)</th>
<th>% of Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability, Auto, Flood Insurance</td>
<td>$27,000.00</td>
<td>$18,900.00</td>
<td>$8,100.00</td>
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<tr>
<td>Insurance Deductibles</td>
<td>$5,000.00</td>
<td>$3,500.00</td>
<td>$1,500.00</td>
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</tr>
</tbody>
</table>

### Professional Fees

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>TRUIA Urban Budget (70%)</th>
<th>RD784 Rural Budget (30%)</th>
<th>% of Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>$25,000.00</td>
<td>$17,500.00</td>
<td>$7,500.00</td>
<td>1.491%</td>
</tr>
<tr>
<td>Engineering Fees</td>
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<td>$77,000.00</td>
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<td>Legal</td>
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<tr>
<td>Other Professional Fees</td>
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<td>$1,400.00</td>
<td>$600.00</td>
<td>0.119%</td>
</tr>
<tr>
<td>Telecommunications &amp; Computers</td>
<td>$17,000.00</td>
<td>$11,900.00</td>
<td>$5,100.00</td>
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<tr>
<td>PG &amp; E Utility Pumps</td>
<td>$30,000.00</td>
<td>$21,000.00</td>
<td>$9,000.00</td>
<td>1.789%</td>
</tr>
<tr>
<td>PG &amp; E Utility Shop &amp; Office</td>
<td>$5,000.00</td>
<td>$3,500.00</td>
<td>$1,500.00</td>
<td>0.298%</td>
</tr>
<tr>
<td>Garbage</td>
<td>$2,500.00</td>
<td>$1,750.00</td>
<td>$750.00</td>
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<td>Office supplies</td>
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<td>$7,700.00</td>
<td>$3,300.00</td>
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<tr>
<td>Safety Equipment</td>
<td>$25,000.00</td>
<td>$17,500.00</td>
<td>$7,500.00</td>
<td>1.491%</td>
</tr>
<tr>
<td>Flood Training</td>
<td>$15,000.00</td>
<td>$10,500.00</td>
<td>$4,500.00</td>
<td>0.895%</td>
</tr>
<tr>
<td>Uniforms</td>
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<td>$2,100.00</td>
<td>$900.00</td>
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<td>Alarm Service - Golden Bear, Arm Security</td>
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<td>$17,500.00</td>
<td>$7,500.00</td>
<td>1.491%</td>
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<tr>
<td>Sonitrol</td>
<td>$6,000.00</td>
<td>$4,200.00</td>
<td>$1,800.00</td>
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<tr>
<td>Water Service</td>
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<td>$420.00</td>
<td>$180.00</td>
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<td>Legal Ad notice</td>
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<tr>
<td>Vehicle Equipment Maintenance &amp; Repairs</td>
<td>$30,000.00</td>
<td>$21,000.00</td>
<td>$9,000.00</td>
<td>1.789%</td>
</tr>
<tr>
<td>Vehicle Equipment Fuel &amp; Oil</td>
<td>$25,000.00</td>
<td>$17,500.00</td>
<td>$7,500.00</td>
<td>1.491%</td>
</tr>
</tbody>
</table>

### Pump Station Maintenance and Repairs

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>TRUIA Urban Budget (70%)</th>
<th>RD784 Rural Budget (30%)</th>
<th>% of Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Pump Maintenance Contracts &amp; Repairs</td>
<td>$20,000.00</td>
<td>$20,000.00</td>
<td>$20,000.00</td>
<td>1.193%</td>
</tr>
<tr>
<td>Additional Contract Labor</td>
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<td>$2,000.00</td>
<td>$2,000.00</td>
<td>0.119%</td>
</tr>
<tr>
<td>Pump Fuel and Oil</td>
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<td>$7,000.00</td>
<td>$7,000.00</td>
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<td>Emergency</td>
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<td>$4,500.00</td>
<td>$4,500.00</td>
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<td>Educational</td>
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<td>$50,000.00</td>
<td>2.982%</td>
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<tr>
<td>Chemical - Weed and Rodents</td>
<td>$2,000.00</td>
<td>$2,000.00</td>
<td>$2,000.00</td>
<td>0.119%</td>
</tr>
</tbody>
</table>

### Urban Levee Maintenance and Repair

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>TRUIA Urban Budget (70%)</th>
<th>RD784 Rural Budget (30%)</th>
<th>% of Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Services-Goats - (29.9 Miles of Levee) @ 2</td>
<td>$60,000.00</td>
<td>$60,000.00</td>
<td>$60,000.00</td>
<td>3.579%</td>
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<tr>
<td>Description</td>
<td>Cost 1</td>
<td>Cost 2</td>
<td>Percentage</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>---------</td>
<td>---------</td>
<td>------------</td>
<td></td>
</tr>
<tr>
<td>Outside Labor Contract - Labor Ready / CDF and Su</td>
<td>$20,000</td>
<td>$20,000</td>
<td>1.193%</td>
<td></td>
</tr>
<tr>
<td>Contract Maintenance Services - Emergency Repair</td>
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<td>2.386%</td>
<td></td>
</tr>
<tr>
<td>Monitoring - MHH Engineering</td>
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<tr>
<td>Materials and Supplies</td>
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<td>$40,000</td>
<td>2.386%</td>
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</tr>
<tr>
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<td>Contract Relief Well Services</td>
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<td></td>
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<tr>
<td>Equipment</td>
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</tr>
<tr>
<td>Land</td>
<td>$50,000</td>
<td>$50,000</td>
<td>2.982%</td>
<td></td>
</tr>
<tr>
<td>Flood Fighting</td>
<td>$50,000</td>
<td>$50,000</td>
<td>2.982%</td>
<td></td>
</tr>
<tr>
<td>Fuel</td>
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<td>$15,000</td>
<td>0.895%</td>
<td></td>
</tr>
<tr>
<td>Security Improvements</td>
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<td>$25,000</td>
<td>1.491%</td>
<td></td>
</tr>
<tr>
<td>Emergency</td>
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<td>$10,500</td>
<td>0.626%</td>
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</tr>
<tr>
<td>Chemical - Weed and Rodents &amp; Grout</td>
<td>$15,000</td>
<td>$15,000</td>
<td>0.895%</td>
<td></td>
</tr>
<tr>
<td>RURAL LEVEE MAINTENANCE AND REPAIR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goats &amp; Sheep Contract (7 Miles of Levee @ 2K per)</td>
<td>$14,000</td>
<td>$14,000</td>
<td>0.835%</td>
<td></td>
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<tr>
<td>Outside Labor Contract - Labor Ready / CDF and Su</td>
<td>$2,000</td>
<td>$2,000</td>
<td>0.119%</td>
<td></td>
</tr>
<tr>
<td>Contract Maintenance Services - Emergency Repair</td>
<td>$5,000</td>
<td>$5,000</td>
<td>0.298%</td>
<td></td>
</tr>
<tr>
<td>Contract Welding Services</td>
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<td>0.060%</td>
<td></td>
</tr>
<tr>
<td>Materials and Supplies</td>
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<td>0.060%</td>
<td></td>
</tr>
<tr>
<td>Chemical - Weed and Rodents &amp; Grout</td>
<td>$1,000</td>
<td>$1,000</td>
<td>0.060%</td>
<td></td>
</tr>
<tr>
<td>DITCHES &amp; CANALS MAINTENANCE &amp; REPAIR</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goats &amp; Sheep Contract (8 Miles of Levee @ 2K per)</td>
<td>$31,000</td>
<td>$31,000</td>
<td>1.849%</td>
<td></td>
</tr>
<tr>
<td>Outside Labor Contract - Labor Ready / CDF and Su</td>
<td>$10,000</td>
<td>$10,000</td>
<td>0.596%</td>
<td></td>
</tr>
<tr>
<td>Contract Maintenance Services - Emergency Repair</td>
<td>$16,000</td>
<td>$16,000</td>
<td>0.954%</td>
<td></td>
</tr>
<tr>
<td>Contract Welding Services</td>
<td>$2,000</td>
<td>$2,000</td>
<td>0.119%</td>
<td></td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>$14,000</td>
<td>$14,000</td>
<td>0.835%</td>
<td></td>
</tr>
<tr>
<td>Chemical - Weed and Rodents &amp; Grout</td>
<td>$12,000</td>
<td>$12,000</td>
<td>0.716%</td>
<td></td>
</tr>
<tr>
<td>DISTRICT SUPPORT</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemical Training</td>
<td>$1,000</td>
<td>$700</td>
<td>$300</td>
<td>0.060%</td>
</tr>
<tr>
<td>Training Seminars</td>
<td>$2,500</td>
<td>$1,750</td>
<td>$750</td>
<td>0.149%</td>
</tr>
<tr>
<td>Trustee Compensation</td>
<td>$6,000</td>
<td>$4,200</td>
<td>$1,800</td>
<td>0.358%</td>
</tr>
<tr>
<td>Miscellaneous Licenses Permits</td>
<td>$4,000</td>
<td>$2,800</td>
<td>$1,200</td>
<td>0.239%</td>
</tr>
<tr>
<td>Other Meetings Compensation - Trustees</td>
<td>$800</td>
<td>$560</td>
<td>$240</td>
<td>0.048%</td>
</tr>
<tr>
<td>Misc Reimbursements - Mileage, Meals</td>
<td>$1,000</td>
<td>$700</td>
<td>$300</td>
<td>0.060%</td>
</tr>
<tr>
<td>Membership Dues &amp; Associations</td>
<td>$10,000</td>
<td>$7,000</td>
<td>$3,000</td>
<td>0.596%</td>
</tr>
<tr>
<td>Contract Services - Fence Repairs</td>
<td>$6,000</td>
<td>$4,200</td>
<td>$1,800</td>
<td>0.358%</td>
</tr>
<tr>
<td>Contract Employee Services</td>
<td>$500</td>
<td>$350</td>
<td>$150</td>
<td>0.030%</td>
</tr>
<tr>
<td>Building Replacement</td>
<td>$5,000</td>
<td>$3,500</td>
<td>$1,500</td>
<td>0.298%</td>
</tr>
<tr>
<td>GRANT WRITING SERVICES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outside Grant Writing Contract Services</td>
<td>$10,000</td>
<td>$7,000</td>
<td>$3,000</td>
<td>0.596%</td>
</tr>
<tr>
<td>Internal Grant Writing Services</td>
<td>$5,000</td>
<td>$3,500</td>
<td>$1,500</td>
<td>0.298%</td>
</tr>
<tr>
<td>LIABILITIES LOANS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>YCWA - Yuba County Water Agency</td>
<td>$36,000</td>
<td>$36,000</td>
<td>2.147%</td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>$1,676,573.69</td>
<td>$1,151,855.68</td>
<td>$524,718.01</td>
<td>100.00%</td>
</tr>
</tbody>
</table>
June 19, 2012

TO: Three Rivers Levee Improvement Authority Board
FROM: Paul Brunner, Executive Director
        Scott Shapiro, General Counsel
        Jesse Salmon, Assessment Engineer (SCI Consulting)

SUBJECT: UPDATING AND ORDERING LEVY OF ASSESSMENTS WITHIN THE LEVEE AND FLOOD CONTROL FACILITIES ASSESSMENT DISTRICT FOR FISCAL YEAR 2012-2013

Recommendation:

That the Board of Directors consider and adopt one of the three resolutions that are attached resolution entitled:

RESOLUTION NO._____

A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
UPDATING AND ORDERING LEVY OF ASSESSMENTS WITHIN THE LEVEE AND FLOOD CONTROL FACILITIES ASSESSMENT DISTRICT FOR FISCAL YEAR 2012-2013.

Background:
On June 2, 2009 the TRLIA Board adopted a resolution to form the Benefit Assessment District (District) to pay for long-term maintenance and operations on approximately 29 miles of improved levees.

On June 15, 2010 the Three Rivers Levee Improvement District Board of Directors found that to meet the budgeting requirements for operation and maintenance of the flood control facilities for fiscal year 2010-11 there was a need to adjust the assessment to match the full 2009 CPI change of 2.613%. However, in light of severe economic impacts within the District, the Board decided it would not be appropriate to make a CPI adjustment at this time. The 2.613% was reserved by the Board to use at its discretion to adjust the maximum CPI increase for the next fiscal year (2011-12) as explained in the Engineer’s Report (p. 37) and Section 10 of Resolution No. 2009-08.
On July 19, 2011 the Three Rivers Levee Improvement District Board of Directors found that to meet the budgeting requirements for operation and maintenance of the flood control facilities for fiscal year 2011-12 there was a need to adjust the assessment to match the full 2010 CPI change of 1.52%. However, in light of severe economic impacts within the District, the Board decided it would not be appropriate to also make a 2.613% CPI adjustment that was reserved in 2009. The 2.613% was reserved by the Board to use at its discretion to adjust the maximum CPI increase for the next fiscal year (2012-13) as explained in the Engineer's Report (p. 37) and Section 10 of Resolution No. 2009-08.

As of the current date, TRLIA revenues for FY 11/12 are $805,097.34 which includes TRLIA/SCI direct billings and interest. Pending approval by the Board of RD 784's maintenance budget, the revenues will be distributed as follows:

- TRLIA for Administrative Expenses: $16,000.00 FY 11/12
- RD 784 for Levee Maintenance expenses: $789,097.34

The total revenues for the same time period for 2010/2011 were $792,452.11 Late collection of assessments for FY 10/11 totaled $33,984.00. This amount will be carried forward FY 11/12 to account for any unforeseen maintenance expenses.

Discussion:
In FY 2011/12 TRLIA levied assessments in the amount of $847,849.66, which included an approved 1.52% CPI increase, which were not achieved. Based on actual revenues received in FY 2011/12, RD 784 can anticipate for levee operations and maintenance approximately $790,000 from FY 2012/13 and FY 2011/12 for late payments, direct assessments, and interest.

The CPI for the San Francisco Bay Area December to December change for 2011 is 2.930%. The CPI for 2010 was 1.52%, which was approved and applied. The CPI in 2009 was 2.613%, but the TRLIA Board opted to reserve it for a discretionary adjustment in the future (2010 and 2011), if necessary, due to the community’s severe economic situation.

TRLIA staff has reviewed the proposed RD 784 FY 2012/13 budget for maintenance of levees improved by TRLIA and concurs with the projected expenditures and believes the proposed levee maintenance budget adheres to the criteria outlined in the TRLIA approved Engineers Report. The TRLIA Board will consider the proposed RD 784 FY 2012/13 levee maintenance budget at the TRLIA June 19, 2012 Board meeting. The proposed RD 784 budget anticipates $790,000 from the TRLIA Assessment District in 2012/13. The proposed RD 784 budget does not provide funding for emergency repairs to the levees and pumps stations that could be caused by weather conditions or vandalism during FY 2012/2013.

There are three resolutions attached for the TRLIA Board to consider. The first resolution does not incorporate the 2011 CPI increase of 2.930% or any other prior reserved CPI. The second resolution incorporates the 2011 CPI increase of 2.930%, and defers again the 2009 CPI increase of 2.613%. The third resolution incorporates both the 2011 CPI increase 2.930% and the deferred 2009 CPI increase of 2.613% for a total 5.540%.

RD 784 and TRLIA staff recommend adoption of the second resolution, which incorporates the 2011 CPI increase of 2.930% into the FY 2012/13 assessment and defers again the 2009 CPI increase of 2.613%.
Below is a comparison of Assessments that would be levied for the three resolutions:

- No CPI increase: $848,966.95
  - South Zone assessments for fiscal year 2012/13 would be levied at the rate of one hundred fifty dollars and twenty nine cents ($150.29) per single-family equivalent benefit unit.
  - Central A Zone assessments for fiscal year 2012/13 would be levied at a rate of eleven dollars and fifty cents ($11.50) per single-family equivalent benefit unit.
  - Central B Zone assessments for fiscal year 2012/13 would be levied at a rate of thirty two dollars and sixty five cents ($32.65) per single-family equivalent benefit unit.
  - East Zone assessments for 2012/13 would be levied at a rate of eleven dollars and twenty nine cents ($11.29) per single-family equivalent benefit unit.

- 2011 CPI increase (2.930%): $873,841.68
  - South Zone assessments for fiscal year 2012/13 would be levied at the rate of one hundred fifty four dollars and sixty nine cents ($154.69) per single-family equivalent benefit unit.
  - Central A Zone assessments for fiscal year 2012/13 would be levied at a rate of eleven dollars and eighty four cents ($11.84) per single-family equivalent benefit unit.
  - Central B Zone assessments for fiscal year 2012/13 would be levied at a rate of thirty three dollars and sixty one cents ($33.61) per single-family equivalent benefit unit.
  - East Zone assessments for 2012/13 would be levied at a rate of eleven dollars and sixty one cents ($11.61) per single-family equivalent benefit unit.

- 2009 & 2011 CPI increase (%): $895,999.72
  - South Zone assessments for fiscal year 2012/13 would be levied at a rate of one hundred fifty eight dollars and sixty two cents ($158.62) per single-family equivalent benefit unit.
  - Central A Zone assessments for fiscal year 2012/13 would be levied at a rate of twelve dollars and fourteen cents ($12.14) per single-family equivalent benefit unit.
  - Central B Zone assessments for fiscal year 2012/13 would be levied at a rate of thirty four dollars and forty six cents ($34.46) per single-family equivalent benefit unit.
- East Zone assessments for 2012/13 would be levied at a rate of eleven dollars and ninety two cents ($11.92) per single-family equivalent benefit unit.

- Summary of Rates by Zone:

<table>
<thead>
<tr>
<th>Zone</th>
<th>No CPI ($)</th>
<th>2011 CPI ($)</th>
<th>2009 &amp; 2011 CPI ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South</td>
<td>150.29</td>
<td>154.69</td>
<td>158.62</td>
</tr>
<tr>
<td>Central A</td>
<td>11.50</td>
<td>11.84</td>
<td>12.14</td>
</tr>
<tr>
<td>Central B</td>
<td>32.65</td>
<td>33.61</td>
<td>34.46</td>
</tr>
<tr>
<td>East</td>
<td>11.29</td>
<td>11.61</td>
<td>11.92</td>
</tr>
</tbody>
</table>

Fiscal Impact
The hard economic times of the community have not improved substantially. The revenues for 2009/2010 and 2010/2011 are very similar even with the 1.52% CPI increase in 2011. Even if the 2011 CPI inflator or the 2011 and deferred 2009 CPI inflators are applied there is no indication that additional revenues will be received.

3 Attachments:
1. Proposed Resolution without CPI increase for 2012/13
2. Proposed Resolution with 2011 2.930% CPI increase for 2012/13
3. Proposed Resolution with deferred 2009 2.613% CPI increase and 2011 CPI 2.930 increase for 2012/13
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

RESOLUTION NO. 2012-___

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
UPDATING AND ORDERING LEVY OF ASSESSMENTS WITHIN THE LEVEE AND FLOOD CONTROL
FACILITIES ASSESSMENT DISTRICT FOR FISCAL YEAR 2012-2013

WHEREAS, the Three Rivers Levee Improvement Authority ("Three Rivers") has installed and
otherwise made substantial improvements to the flood control facilities along portions of the Feather and
Yuba Rivers within Yuba County;

WHEREAS, Three River formed an assessment district — the Three Rivers Levee Improvement
Authority Flood Control Facilities Assessment District (the "District") — in June 2009 to fund operation and
maintenance of the improved facilities;

WHEREAS, the legal notices that were mailed to property owners in the District in March 2009 and
the Three Rivers Levee and Flood Control Facilities Engineer's Report dated May 28, 2009 state that the
assessment is subject to an annual adjustment based on the US Department of Labor Consumer Price
Index (CPI-U) for the San Francisco Bay Area with the maximum annual adjustment not to exceed 4%;

WHEREAS, the Three Rivers Board of Directors found on June 28, 2011 that to meet the budgeting
requirements for operation and maintenance of the flood control facilities for fiscal year 2011-12 there was
a need to adjust the assessment to match the full 2010 CPI change of 1.52% plus the unused CPI of
2.61%. However, in light of severe economic impacts within the District, the Board decided it would not be
appropriate to make that full CPI adjustment at that time. Thus, the Board decided to impose an increase of
only the current 2010 CPI of 1.52% and reserved the right to later make that 2.610% adjustment as
explained in the Engineer's Report (p. 37) and Section 10 of Resolution No. 2009-08;

WHEREAS, the US Department of Labor Consumer Price Index (CPI-U) for the San Francisco Bay
Area December to December change for 2011 was 2.93%;

WHEREAS, the Three Rivers Board of Directors is now to consider whether to meet the budgeting
requirements for operation and maintenance of the flood control facilities for fiscal year 2012-13 there is a
need to adjust the assessment consistent with the CPI-U. The Board again notes severe economic
impacts which the Board desires to consider;

WHEREAS, Reclamation District No. 784 has submitted, and the Three Rivers Board of Directors
has reviewed, a proposed annual budget for operation and maintenance of the improved levees for fiscal
year 2012-13;

NOW, THEREFORE, BE IT RESOLVED THAT:

1: The above recitals are true and correct.
2: The Three Rivers Board of Directors finds that to meet the budgeting requirements for operation and maintenance of the flood control facilities for fiscal year 2012-13 there is a need to adjust the assessment to match the full 2011 CPI change of 2.93%. However, in light of severe economic impacts within the District, the Board has decided it would not be appropriate to make a CPI adjustment at this time. As a result of this decision the Board is reserving the unused 2.93%, in addition to the past unused 2009 CPI of 2.613% and the Board in its discretion may use it to adjust the maximum CPI increase for future fiscal years as explained in the Engineer’s Report (p. 37) and Section 10 of Resolution No. 2009-08.

3. Therefore, the assessments for fiscal year 2012-13 shall be levied at the rate of one hundred fifty dollars and twenty nine cents ($150.29) per single-family equivalent benefit unit for the South Zone, eleven dollars and fifty cents ($11.50) for the Central A Zone, thirty two dollars and sixty five cents ($32.65) for the Central B Zone, and eleven dollars and twenty nine cents ($11.29) for the East Zone.

4. Three Rivers staff is directed to file or cause to be filed a certified copy of this Resolution with the Auditor/Controller of Yuba County (the “County Auditor/Controller”). Upon such filing, the County Auditor/Controller shall enter on the County tax roll opposite each lot or parcel of land in the District the amount of assessment thereupon as shown in the Engineer’s Report and described in Section 3 of this Resolution. The benefit assessment shall be collected at the same time and in the same manner as County ad valorem taxes are collected and all laws providing for the collection and enforcement of County ad valorem taxes shall apply to the collection and enforcement of the assessments. After collection by the County Tax Collector, the net amount of the assessments, after deduction of any compensation due the County for collection, shall be paid to Three Rivers for the purposes of the District.

ADOPTED as a resolution of the Board of Directors of the Three Rivers Levee Improvement Authority at a regular meeting duly held on the 19th day of June, 2012.

____________, CHAIR

APPROVED AS TO FORM: ATTEST:

__________________________

DONNA STOTLMEYER, SECRETARY

STATE OF CALIFORNIA )
COUNTY OF YUBA ) ss
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY )

TRLIA Board of Directors for the TRLIA Levee and Flood Control Facilities Assessment District
Page 2 of 3
Attachment 1
I, Donna Stottlemyer, Secretary of the Board of Directors of Three Rivers Levee Improvement Authority, do hereby certify that the foregoing is a true and correct copy of Resolution No. ____ adopted by the Board of Directors of the Three Rivers Levee Improvement Authority, Yuba County, California, at a regular meeting thereof, held on the 19th day of June, 2012 by the following vote:

AYES:
NOES:
ABSENT:

DONNA STOTTMEMEYER, SECRETARY
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

RESOLUTION NO. 2012-__

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
UPDATE AND ORDER LEVY OF ASSESSMENTS WITHIN THE LEVEE AND FLOOD CONTROL
FACILITIES ASSESSMENT DISTRICT FOR FISCAL YEAR 2012-2013

WHEREAS, the Three Rivers Levee Improvement Authority ("Three Rivers") has installed and
otherwise made substantial improvements to the flood control facilities along portions of the Feather and
Yuba Rivers within Yuba County;

WHEREAS, Three River formed an assessment district — the Three Rivers Levee Improvement
Authority Flood Control Facilities Assessment District (the "District") — in June 2009 to fund operation and
maintenance of the improved facilities;

WHEREAS, the legal notices that were mailed to property owners in the District in March 2009 and
the Three Rivers Levee and Flood Control Facilities Engineer's Report dated May 28, 2009 state that the
assessment is subject to an annual adjustment based on the US Department of Labor Consumer Price
Index (CPI-U) for the San Francisco Bay Area with the maximum annual adjustment not to exceed 4%;

WHEREAS, the Three Rivers Board of Directors found on June 28, 2011 that to meet the budgeting
requirements for operation and maintenance of the flood control facilities for fiscal year 2011-12 there was
a need to adjust the assessment to match the full 2010 CPI change of 1.52% plus the unused CPI of
2.61%. However, in light of severe economic impacts within the District, the Board decided it would not be
appropriate to make that full CPI adjustment at that time. Thus, the Board decided to impose an increase of
only the current 2010 CPI of 1.52% and reserved the right to later make that 2.610% adjustment as
explained in the Engineer's Report (p. 37) and Section 10 of Resolution No. 2009-08;

WHEREAS, the US Department of Labor Consumer Price Index (CPI-U) for the San Francisco Bay
Area December to December change for 2011 was 2.93%;

WHEREAS, the Three Rivers Board of Directors is now to consider whether to meet the budgeting
requirements for operation and maintenance of the flood control facilities for fiscal year 2012-13 there is a
need to adjust the assessment consistent with the CPI-U. The Board again notes severe economic
impacts which the Board desires to consider;

WHEREAS, Reclamation District No. 784 has submitted, and the Three Rivers Board of Directors
has reviewed, a proposed annual budget for operation and maintenance of the improved levees for fiscal
year 2012-13,

NOW, THEREFORE, BE IT RESOLVED THAT:

1: The above recitals are true and correct.
2: The Three Rivers Board of Directors finds that to meet the budgeting requirements for operation and maintenance of the flood control facilities for fiscal year 2012-13 there is a need to adjust the assessment to match the full 2012 CPI change of 2.93%. The Board acknowledges the severe economic impacts within the District but believes that the increased funds are necessary to secure flood protection and is therefore imposing a 2.93% increase. The Board will continue to reserve the unused 2.613% increase from 2009 and the Board in its discretion may use it to adjust the maximum CPI increase for future fiscal years as explained in the Engineer's Report (p. 37) and Section 10 of Resolution No. 2009-08.

3. Therefore, the assessments for fiscal year 2011-12 shall be levied at the rate of one hundred fifty four dollars and sixty nine cents ($154.69) per single-family equivalent benefit unit for the South Zone, eleven dollars and eighty four cents ($11.84) for the Central A Zone, thirty three dollars and sixty one cents ($33.61) for the Central B Zone, and eleven dollars and sixty one cents ($11.61) for the East Zone.

4. Three Rivers staff is directed to file or cause to be filed a certified copy of this Resolution with the Auditor/Controller of Yuba County (the "County Auditor/Controller"). Upon such filing, the County Auditor/Controller shall enter on the County tax roll opposite each lot or parcel of land in the District the amount of assessment thereupon as shown in the Engineer's Report and described in Section 3 of this Resolution. The benefit assessment shall be collected at the same time and in the same manner as County ad valorem taxes are collected and all laws providing for the collection and enforcement of County ad valorem taxes shall apply to the collection and enforcement of the assessments. After collection by the County Tax Collector, the net amount of the assessments, after deduction of any compensation due the County for collection, shall be paid to Three Rivers for the purposes of the District.

ADOPTED as a resolution of the Board of Directors of the Three Rivers Levee Improvement Authority at a regular meeting duly held on the 19th day of June, 2012.

________________________, CHAIR

APPROVED AS TO FORM: ATTEST:

________________________
DONNA STOTTLEM EYER, SECRETARY

STATE OF CALIFORNIA )
COUNTY OF YUBA ) ss
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY )
I, Donna Stottlemyer, Secretary of the Board of Directors of Three Rivers Levee Improvement Authority, do hereby certify that the foregoing is a true and correct copy of Resolution No. ____ adopted by the Board of Directors of the Three Rivers Levee Improvement Authority, Yuba County, California, at a regular meeting thereof, held on the 19th day of June, 2012 by the following vote:

AYES:
NOES:
ABSENT:

DONNA STOTTLEMEYER, SECRETARY
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

RESOLUTION NO. 2012-__

A RESOLUTION OF THE BOARD OF DIRECTORS OF
THE THREE RIVERS LEVEE IMPROVEMENT AUTHORITY
UPDATING AND ORDERING LEVY OF ASSESSMENTS WITHIN THE LEVEE AND FLOOD CONTROL
FACILITIES ASSESSMENT DISTRICT FOR FISCAL YEAR 2012-2013

WHEREAS, the Three Rivers Levee Improvement Authority ("Three Rivers") has installed and otherwise made substantial improvements to the flood control facilities along portions of the Feather and Yuba Rivers within Yuba County;

WHEREAS, Three River formed an assessment district — the Three Rivers Levee Improvement Authority Flood Control Facilities Assessment District (the "District") — in June 2009 to fund operation and maintenance of the improved facilities;

WHEREAS, the legal notices that were mailed to property owners in the District in March 2009 and the Three Rivers Levee and Flood Control Facilities Engineer's Report dated May 28, 2009 state that the assessment is subject to an annual adjustment based on the US Department of Labor Consumer Price Index (CPI-U) for the San Francisco Bay Area with the maximum annual adjustment not to exceed 4%;

WHEREAS, the Three Rivers Board of Directors found on June 28, 2011 that to meet the budgeting requirements for operation and maintenance of the flood control facilities for fiscal year 2011-12 there was a need to adjust the assessment to match the full 2011 CPI change of 1.52% plus the unused CPI of 2.61%. However, in light of severe economic impacts within the District, the Board decided it would not be appropriate to make that full CPI adjustment at that time. Thus, the Board decided to impose an increase of only the current 2011 CPI of 1.52% and reserved the right to later make that 2.610% adjustment as explained in the Engineer's Report (p. 37) and Section 10 of Resolution No. 2009-08;

WHEREAS, the US Department of Labor Consumer Price Index (CPI-U) for the San Francisco Bay Area December to December change for 2011 was 2.93%;

WHEREAS, the Three Rivers Board of Directors is now to consider whether to meet the budgeting requirements for operation and maintenance of the flood control facilities for fiscal year 2012-13 there is a need to adjust the assessment consistent with the CPI-U. The Board again notes severe economic impacts which the Board desires to consider;

WHEREAS, Reclamation District No. 784 has submitted, and the Three Rivers Board of Directors has reviewed, a proposed annual budget for operation and maintenance of the improved levees for fiscal year 2012-13,

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The above recitals are true and correct.
2: The Three Rivers Board of Directors finds that to meet the budgeting requirements for operation and maintenance of the flood control facilities for fiscal year 2012-13 there is a need to adjust the assessment to match the full 2011 CPI change of 2.93% and the unused 2009 CPI of 2.613% for a rate change of 5.54%. As a result of this decision, the unused CPI is 0% as permitted in the Engineer's Report (p. 37) and Section 10 of Resolution No. 2009-08.

3. Therefore, the assessments for fiscal year 2012-13 shall be levied at the rate of one hundred fifty eight dollars and sixty two cents ($158.62) per single-family equivalent benefit unit for the South Zone, twelve dollars and fourteen cents ($12.14) for the Central A Zone, thirty four dollars and forty six cents ($34.46) for the Central B Zone, and eleven dollars and ninety two cents ($11.92) for the East Zone.

4. Three Rivers staff is directed to file or cause to be filed a certified copy of this Resolution with the Auditor/Controller of Yuba County (the "County Auditor/Controller"). Upon such filing, the County Auditor/Controller shall enter on the County tax roll opposite each lot or parcel of land in the District the amount of assessment thereupon as shown in the Engineer's Report and described in Section 3 of this Resolution. The benefit assessment shall be collected at the same time and in the same manner as County ad valorem taxes are collected and all laws providing for the collection and enforcement of County ad valorem taxes shall apply to the collection and enforcement of the assessments. After collection by the County Tax Collector, the net amount of the assessments, after deduction of any compensation due the County for collection, shall be paid to Three Rivers for the purposes of the District.

ADOPTED as a resolution of the Board of Directors of the Three Rivers Levee Improvement Authority at a regular meeting duly held on the 19th day of June, 2012.

______________________________, CHAIR

APPROVED AS TO FORM: ATTEST:

______________________________
DONNA STOTTLEMEYER, SECRETARY

STATE OF CALIFORNIA )
COUNTY OF YUBA ) ss
THREE RIVERS LEVEE IMPROVEMENT AUTHORITY )

I, Donna Stottlemyer, Secretary of the Board of Directors of Three Rivers Levee Improvement Authority, do hereby certify that the foregoing is a true and correct copy of Resolution No. ____ adopted by the Board
June 19, 2012

TO: Three Rivers Levee Improvement Authority Board
FROM: Paul Brunner, Executive Director
        Seth Wurzel, Financial Consultant
SUBJECT: Acceptance of Budget for Fiscal Year 2012-13

Recommended Action:

1. Accept the Executive Director’s Proposed Budget for Fiscal Year 2012-13
2. Direct TRLIA Executive Director to make copies of the Proposed Budget available for inspection by the public
3. Direct Final Budget Hearing to be scheduled to begin on Tuesday, July 17, starting at 3:00 pm.

Discussion:

TRLIA continues to follow the same requirements for budget adoption as prescribed by the Yuba County Ordinance Code and state law. State law also requires the Board to notify the public when budget hearings will begin and to provide copies of the Proposed Budget for inspection by the Public.

Attached is the Proposed Fiscal Year 2012-13 TRLIA budget for your consideration. The key points of this budget are to finalize the Upper Yuba Levee Improvement Project, complete a high ground analysis of the Goldfields and submit a FEMA Certification Addendum for the Upper Yuba River levee work.

Tremendous levee improvement success was achieved by the TRLIA team with the revenues that were provided by the State and Local Agencies that were approved in last year’s TRLIA budget – the Major highlight was the substantial completion of the Upper Yuba River Levee Improvements Project construction activities. I anticipate similar success to be achieved with the proposed expenses that are outlined in this year’s Proposed TRLIA FY12/13 budget, which remains fully funded.

Described in this budget is an ambitious State and Local capital improvement program specifically aimed to enhance flood protection for Yuba County residents that reside in South Yuba County.

Fiscal Impact:

Proposed appropriations for fiscal year 2012-13 total in excess of $6.5 million, which includes substantial funding from the State Prop 1E funding agreements. The balance forward from 2011-12 is estimated to be approximately $5.8 million. Total anticipated
funds available for 2012-13 are $12.4 million. The budget reflects the assumption that the Feather Flood Corridor project will be approved for funding by the State. Should this project not be funded, the expenditures and associated revenues would be lower.

The expenditures anticipated for FY 2012/13 are estimated to be approximately $11.4 million. The carryover to FY 2013/14 is anticipated to be approximately $1 million.

Attachment:
Proposed TRLIA Fiscal Year 2012/13 Budget
# Three Rivers Levee Improvement Authority (TRLIA) FY 2012/2013 Budget

## Table of Contents

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Introduction:</strong></td>
<td></td>
</tr>
<tr>
<td>- Message from TRLIA Executive Director</td>
<td>2</td>
</tr>
<tr>
<td>- TRLIA Phased Program</td>
<td>3</td>
</tr>
<tr>
<td>- Key highlights from Fiscal Year 2011-2012</td>
<td>6</td>
</tr>
<tr>
<td>- Comparison of FY11/12 Budget items to Actual Revenues &amp; Expenses</td>
<td>7</td>
</tr>
<tr>
<td>- Key highlights that the 2012-13 TRLIA Budget accomplishes</td>
<td>8</td>
</tr>
<tr>
<td>- Projected Overall Cost and Schedule of the TRLIA Program</td>
<td>9</td>
</tr>
<tr>
<td>- TRLIA Revenues</td>
<td>13</td>
</tr>
<tr>
<td>- Other TRLIA Budget Items of Note</td>
<td>15</td>
</tr>
<tr>
<td>- TRLIA Organizational Chart</td>
<td>20</td>
</tr>
<tr>
<td><strong>Proposed FY2012/2013 Budget:</strong></td>
<td></td>
</tr>
<tr>
<td>- Budget Estimated Expenditure Detail Rollup and Revenue</td>
<td>21</td>
</tr>
<tr>
<td>- Special Projects Detail (#23-01)</td>
<td>22</td>
</tr>
<tr>
<td>- Professional Services Detail (#23-02)</td>
<td>23</td>
</tr>
<tr>
<td><strong>Future 2013/2014 Expenditure and Revenue Projections:</strong></td>
<td></td>
</tr>
<tr>
<td>- Future Budget Estimated Expenditure Detail Rollup and Revenue</td>
<td>24</td>
</tr>
<tr>
<td>- Future Special Projects Detail (#23-01)</td>
<td>25</td>
</tr>
<tr>
<td>- Future Professional Services Detail (#23-02)</td>
<td>26</td>
</tr>
</tbody>
</table>
June 19, 2012

To: Three Rivers Levee Improvement Authority Board
From: Paul G. Brunner, Executive Director
Re: Revised Budget for Fiscal Year 2012/13

The TRLIA team continues to work diligently to move forward and complete the levee improvement program for South Yuba County. Tremendous success was achieved by the TRLIA team with the revenues that were provided by the State and Local Agencies that were approved in last year’s TRLIA budget – the Major highlight was the substantial completion of the Upper Yuba River Levee Improvement Project construction activities. I anticipate similar success to be achieved with the proposed expenses that are outlined in this year’s Proposed TRLIA FY12/13 budget, which remains fully funded.

The TRLIA Plan has always been to aggressively improve the levees along the Feather, Yuba, and Bear Rivers, and the Western Pacific Inceptor Canal to achieve 200-year flood protection for South Yuba County. TRLIA has completed over 29 miles of levee improvements in just eight years and certified the improvements to FEMA ensuring that low cost flood insurance can be obtained in South Yuba County. In order to ensure that this remains the case, the focus for this next fiscal year will be to finalize the Upper Yuba Levee Improvement Project, complete a high ground analysis of the Goldfields and submit a FEMA Certification Addendum for the Upper Yuba River levee work.

Described in this budget is an ambitious State and Local capital improvement program specifically aimed to enhance flood protection for Yuba County residents that reside in South Yuba County.

Thank you for the opportunity to submit this budget.

Sincerely,

Paul G. Brunner, P.E.
Executive Director
TRLIA Phased Program
In its entirety, the cost to complete the TRLIA Program is nearly $400 million. There are four phases to this capital improvement program.

**RD784**
- Non TRLIA Levees (black): WPIC and Bear River

**TRLIA & RD784 Levees**
- Phase 1 (red): Yuba River
- Phase 2 (green): Yuba River, Western Pacific Interceptor Canal (WPIC), and Bear River
- Phase 3 (purple): Bear River Setback
- Phase 4 (blue): Yuba River, and Feather River

The most critical flood control projects were prioritized and done first in order to rapidly reduce the risk of flooding to residents as quickly as possible. **All the levee improvements are designed and constructed to withstand flows from both 100-year (FEMA criteria) and 200-year Storms.** The following list is a breakdown and status of each of the Phases:

- **Phase 1** – Strengthened the existing Yuba River left (south) levee between Highway 70 and approximate Yuba River Project Levee Mile (PLM) 0.8. The work was funded by local funding. This work was completed in 2004 and received certification for FEMA from the Corps on May 8, 2007. TRLIA updated the 100-year certification for FEMA on May 5, 2010.

- **Phase 2** - Strengthened and raised the existing upper Bear River right (north) levee from about 200 feet downstream from Highway 70 to the WPIC right (west) levee, added a seepage herm to the existing Yuba River left (south) bank levee from the Western Pacific Railroad (WPRR) to Highway 70 and from Highway 70 to the Southern Pacific Railroad (SPRR), strengthened and raised the existing WPIC levees, relocated Pump Station No. 6, and constructed the Olivehurst detention basin and ring levee. The work was funded by Prop 13 and local funding and then, in 2010, the State reimbursed TRLIA a portion of the local share with Prop 1E funds under the Upper Yuba EIP funding agreement. The Olivehurst detention basin was funded with FEMA and local funds. This work was completed in 2006 and received certification for FEMA from the Corps on May 8, 2007. TRLIA updated the 100-year certification for FEMA on May 5, 2010.
• **Phase 3** – Constructed the Bear River setback levee from the Feather River levee near Pump Station No. 2 to the west end of the Phase 2 Bear River levee work. This phase is referred to as the Bear River Setback Levee project (BRSL). Levee work was completed in 2006. A 600 acre Environmental Restoration Area was created as part of this project. TRLIA is the property owner of the 600 acres and is in the process of transferring ownership to the State. Maintenance of the Environmental Restoration area is ongoing. The work was funded by Prop 13 and local funding and then in 2010 the State reimbursed TRLIA a portion of the local share with Prop 1E funds under the Upper Yuba EIP funding agreement. Corps certification for FEMA was received on May 8, 2007. TRLIA updated the 100-year certification for FEMA on May 5, 2010.

• **Phase 4** – consists of multiple projects on the Feather River and Yuba River:
  
  o **Phase 4 Feather** – This work is referred to as the Phase 4 Feather River Levee Repair Project (FRLRP) and consists of three segments as described below:

    • **Segment 1:** Below Star Bend, from the Bear River setback levee (PLM 13.3) to PLM 17.1 - Embankment and foundation seepage mitigation consisting of cutoff walls, stability berms, relief wells, and monitoring wells. This work was completed in 2009 and was funded initially by local funding and then in March, 2010 the State approved reimbursing TRLIA for their share of the work with Prop 1E funds under a modified Feather EIP funding agreement. TRLIA completed 100-year certification for FEMA on May 5, 2010.

    • **Segment 2:** The levee is set back from Star Bend (FR PLM 17.1) to about one mile north of Murphy Road (FR PLM 23.6) – A new levee embankment and foundation seepage mitigation was constructed consisting of cutoff walls, stability berms, relief wells, and monitoring wells. The work included degrading the existing Segment 2 levee and the purchase/creation of an expanded 1600 acre floodway along the Feather River. TRLIA is the property owner of the 1600 acres and is in the process of transferring ownership to the State. The new Setback levee replaced the portion of levee that broke in 1997. Construction of the Setback levee began in 2008 and was completed in 2009. Degrade of the existing Segment 2 levee will be completed in 2010. Maintenance of the 1600 area expanded floodway is ongoing. The work was funded by Prop 1E EIP and local funding. TRLIA completed 100-year certification for FEMA on May 5, 2010.

    • **Segment 3:** From Feather River PLM 23.6 to PLM 26.1 and from Yuba River PLM 0.0 to the WPRR crossing at about PLM 0.3 - Embankment and foundation seepage mitigation consisting of cutoff walls, stability berms and monitoring wells; and levee freeboard mitigation. This work was completed in 2009 and was funded by Prop 1E EIP and local funding. TRLIA completed 100-year certification for FEMA on May 5, 2010.
- **Phase 4 Yuba** – The first portion of Phase 4 Yuba included strengthening the existing Yuba River left bank levee above the UPRR crossing to Simpson Lane and adding a seepage berm adjacent to the UPRR crossing. This work was completed in 2006 and was funded initially by local funding and then in 2010 the State reimbursed TRLIA a portion of the local share with Prop 1E funds under the Upper Yuba EIP funding agreement. 100-year certification for FEMA from the Corps was received on May 8, 2007. TRLIA updated the 100-year certification for FEMA on May 5, 2010.

- **Phase 4 Yuba (Highway 70 to the UPRR)** – This work is referred to as the Phase 4 Upper Yuba River Levee Improvement Waterside Slope Flattening Project and was funded by Prop 1E EIP and local funding. This work was done to achieve 200-year flood protection. The work includes slope flattening, seepage remediation, correcting deficiencies in levee geometry, and erosion protection from Highway 70 upstream to the Yuba Goldfields. This work was completed in 2009. See figure 2 for location.

- **Phase 4 Yuba (Simpson Lane up to the Goldfields west boundary)** – This work is referred to as the Phase 4 Upper Yuba River Levee Improvement Remaining Work Project and is funded by Prop 1E EIP and local funding. The work includes slope flattening, seepage remediation, correcting deficiencies in levee geometry, and erosion protection. This work began in 2011 and is scheduled to be completed by October 2011. Once completed TRLIA will certify this segment of levee and submit to FEMA for inclusion into present FEMA system wide levee Accreditation. In late 2010 the FEMA Provisionally Accredited Levee (PAL) status for this segment of Levee ended. The completion of this segment of levee and TRLIA certification to FEMA is critical for the levee system retain the current FEMA Accreditation. See Figure 2 for location.

- **Phase 4 Goldfields** – This work is referred to as the Goldfields High Ground Work and Feasibility Study and is funded by jointly by State and Local funds. State funding comes from the Prop 13 Yuba Feather Flood Protection Program. The work will be completed in 4 steps which includes, 1) the previously completed immediate repairs to features in the Goldfields in 2011, 2) an analysis of any additional work needed to certify 100-year protection, 3) a further Feasibility Analysis to determine any efforts needed to achieve 200-Year protection and, 4) the development of a plan to ensure that this level of protection can be provided and maintained in coordination with existing mining efforts in the area. The feasibility work for 200-year protection began in 2012 and is scheduled to be completed in 2013.
Key highlights from Fiscal Year 2011-2012:

- At its annual conference, the Floodplain Management Association awarded its “2011 Award for Excellence” to the Three Rivers Levee Improvement Authority for its Feather River Setback Levee Project.

- Completion of Feather River Vegetated Wind Wave Buffer

- Substantial completion of the Upper Yuba River levee improvements between Simpson Lane and Goldfields Area. Additional work to finalize the efforts will take place in 12/13.

- Acquisition of Landside Levee Toe Access Corridor’s for the Feather River Segments 1 and 3, WPIC, and Upper Bear commenced and work is currently underway.

- Secured $2.0 million of State Proposition 13 funding for an Alternatives Analysis of the Goldfields Area. This work will determine if any actions are needed to ensure 200-year protection is provided from flooding concerns at the Goldfields. The Hydraulic Analysis has been underway and this funding will allow TRLIA to complete the analysis and develop the designs for any specific actions needed.

- TRLIA received a release of more than half of the State’s retention ($5.0 million) as part of the closeout efforts associated with TRLIA’s Feather River Levee Improvement Project. In
FY 12/13, TRLIA will work with the State to amend the funding agreement to extend the duration to allow for additional time to transfer property to the State.

- TRLIA closed out and disbursed the SMARA assurances fund.

**Comparison of FY10/11 Budget items to Actual Revenues & Expenses:**

The key difference between budgeted actual expenses and revenues is planned UYLIP Construction work in 2011.

<table>
<thead>
<tr>
<th>ACCOUNT NUMBER</th>
<th>ACCOUNT DESCRIPTION</th>
<th>FY 11/12 Budget</th>
<th>FY 11/12 Actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>805-3350-425.15-00</td>
<td>INSURANCE</td>
<td>315,510</td>
<td>303,086</td>
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<tr>
<td>805-3350-425.20-00</td>
<td>MEMBERSHIP</td>
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<td>805-3350-425.23-01</td>
<td>SPECIAL PROJECTS</td>
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<td>805-3350-425.23-02</td>
<td>PROFESSIONAL SERVICES</td>
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<td>805-3350-425.29-00</td>
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<td><strong>23,045,238</strong></td>
<td><strong>14,633,492</strong></td>
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1/ Actual costs represent costs incurred through April 30, 2012.

**FY 11/12 Comparison of Budgeted to Actual Revenues**

<table>
<thead>
<tr>
<th>ACCOUNT NUMBER</th>
<th>ACCOUNT DESCRIPTION</th>
<th>FY 11/12 Budget</th>
<th>FY 11/12 Actuals</th>
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</thead>
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<tr>
<td>805-0000-361.62-50</td>
<td>PROP 1E CREDITED LOCAL SHARE (YUBA)</td>
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<td>5,179,790</td>
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<tr>
<td>805-0000-361.62-51</td>
<td>PROP 1E CREDITED LOCAL SHARE (FEATHER)</td>
<td>8,785,304</td>
<td>8,639,092</td>
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<tr>
<td>805-0000-371.98-99</td>
<td>COUNTY/YCWA JOINT FINANCING</td>
<td>0</td>
<td>0</td>
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<tr>
<td>805-0000-371.98-99</td>
<td>MISCELLANEOUS (INTEREST INCOME)</td>
<td>0</td>
<td>85,053</td>
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<tr>
<td>805-0000-311.07-00</td>
<td>NET FUNDING DISTRICT REVENUE(ADMIN)</td>
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<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>20,926,559</strong></td>
<td><strong>13,903,935</strong></td>
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</table>

1/ Actual revenues represent revenues received through April 30, 2012.
Key highlights that the 2012-13 TRLIA Budget accomplishes:

- Completion of the FEMA 100-Year Certification Addendum for the Upper Yuba River levee work between Simpson Lane and Goldfields Area. This work is tied to the High Ground Analysis being completed in the Goldfields.

- Finalization of the Upper Yuba River Levee Improvement Project work for the levee between Simpson Lane and Goldfields Area.

- Major progress in the acquisition of the Landside Levee Toe Access Corridor for the Phase 2 Yuba, Feather River Segments 1 and 3, WPIC, and Upper Bear.

- Completion of TRLIA’s review of levee improvements to date against DWR’s new 200-year Urban Levee Design Criteria compliance. This includes evaluation of the WPIC, and Phase 2 Bear & Yuba work. Implementation of any needed items to come in FY 2013/14.

- As part of the UYRLIP, completion of the levee at Shadpad Road and relocation of the affected property owners.

- As part of the completion of the FRLIP, the following actions will take place:
  - The Segment 3 fence & drainage improvements and well as the construction of the access corridor will take place in Summer 2013;
  - The Segment 3 Elderberry relocation will take place;
  - The transfer of property to the State of California for property within Segments 1, 2 and 3 will continue (the FRLIP agreement will be extended to June 2014 to accommodate these efforts.)
  - Until such time as the property is transferred, TRLIA’s ongoing management of Setback area will continue.

- The commencement of TRLIA’s Flood Protection Corridor Program (FPCP) project based upon approval the EIP FPCP Grant application.

- As part of the FPCP, TRLIA will work to establish a mitigation endowment and transfer the Bear River Setback Area and Feather River Setback Area property to the State.

- Transfer FRLIP and UYLIP levee EIP improvement right of way to State.

- As part of the ongoing work in the Goldfields, TRLIA will undertake the following work:
  - Complete the High Ground Feasibility and Alternatives analysis;
  - Implement any actions needed within the Goldfields to obtain the needed Addendum to TRLIA’s FEMA 100-Yr certification (as noted above).
  - Continue work as part of the Feasibility Analysis to achieve 200-yr compliance.
Projected Overall Cost and Schedule of the TRLIA Program:

Below is an updated table that outlines the anticipated program cost by Phase based upon TRLIA’s most current estimates as of the date of this report.

**OVERALL PROGRAM COSTS BY PHASE**

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>COSTS</th>
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<tr>
<td>PHASE 1</td>
<td>3,982,286</td>
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<td>PHASE 2</td>
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<td>PHASE 3</td>
<td>60,667,109</td>
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<td>PHASE 4 (YUBA)</td>
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<tr>
<td>PHASE 4 (UPPER YUBA)</td>
<td>30,000,000</td>
</tr>
<tr>
<td>PHASE 4 (FEATHER SEGMENT 1)</td>
<td>15,167,669</td>
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<tr>
<td>PHASE 4 (FEATHER SEGMENT 2)</td>
<td>157,080,980</td>
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<tr>
<td>PHASE 4 (FEATHER SEGMENT 3)</td>
<td>16,042,678</td>
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<tr>
<td>PHASE 4 (FEATHER FLOOD CORRIDOR) /1</td>
<td>9,248,904</td>
</tr>
<tr>
<td>PHASE 4 (GOLDFIELDS)</td>
<td>6,379,277</td>
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<tr>
<td>200-YEAR COMPLIANCE (NON-EIP)</td>
<td>1,847,638</td>
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<tr>
<td>OLIVEHURST DETENTION BASIN</td>
<td>6,794,114</td>
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<tr>
<td>INTERIM O&amp;M</td>
<td>567,727</td>
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<tr>
<td>TRLIA OVERHEAD &amp; ADMIN 1\1</td>
<td>18,118,746</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$381,868,790</strong></td>
</tr>
</tbody>
</table>

1/ The Flood Corridor protection program will only take place if State funding is made available.

TRLIA’s Overall Project Costs reflect the extended duration of the Levee Improvement Program. TRLIA’s budget now also reflects very rough budget estimates for work in the Goldfields. TRLIA is currently undertaking the completion of a feasibility analysis that will identify specific actions in the Goldfields and the estimated costs presented above of those potential actions are based solely upon order of magnitude budget estimates at the present time.

TRLIA Construction Schedule by Phase is depicted on Figure 3.

Figure 4 is a graphic of the Goldfields area where the hydraulic analysis is being conducted.

Figure 5 is a graphic showing where the proposed TRLIA Feather River Corridor Project is located.
**Figure 3 - TRLIA Construction Schedule by Phase**

**PHASE 4 LEVEL IMPROVEMENTS (2013)**
- Complete construction of Yuba River Levee, an in-place construction between Simpson Lane and Goldfield area (approximately 4 miles)
- Levee system certification and FEMA Acclaimation
- TRLIA project completions

**PHASE 3 LEVEL IMPROVEMENTS (2010)**
- Begin Yuba River Levee, an in-place construction between Simpson Lane and Goldfield area (approximately 4 miles)
- Complete dredging of existing Feather River Levee, and farmland/environmental areas in setback
- Levee certification with FEMA Acclaimation (between Simpson Lane and Goldfield) and FEMA Acclaimation

**PHASE 4 LEVEL IMPROVEMENTS (2009)**
- Complete construction of Feather River Seawall
- Demolition and removal of existing Feather River Levee swapped to backfill and fill soil borrow sites
- Yuba River Levee between Highway 70 & UPFRR levee flattening work to achieve 200-year flood protection goal
- Begin operation of farmland/environmental areas including floodplains to mitigate potential fish standing
- Placement of rip rap along Feather River Levee at Yuba River confluence (Erosion Site 2)
- Repair of Feather River Levee segment crack
- TRLIA O&M Benefit Assessment District Approved

**PHASE 4 LEVEL IMPROVEMENTS (2008)**
- Acquisition of approximately 1,800 acres for Feather River Seawall
- Execution of State Prop. 13/TRLIA Feather River funding agreement
- Feather River Levee, an in-place construction between Stanislaus River Bend and Yuba River (Segment 3) - completed
- Begin construction of new Feather River Seawall Levee (approximately 6 miles) including embankment and levee toe
- Feather River Levee, an in-place construction between Stanislaus River Bend and Yuba River (Segment 3) - completed

**PHASE 4 LEVEL IMPROVEMENTS (2007)**
- TRLIA Board adopts Feather River Seawall Levee Alternative, February 6, 2007
- Yuba River (NE corner of UPFRR & Levee intersection) Construction seepage berm and installed two monitoring wells
- Feather River Levee, an in-place construction between Stanislaus River Bend and Yuba River (Segment 3) - completed

**PHASE 4 LEVEL IMPROVEMENTS (2006, 2007)**
- Environmental restoration of setback area and existing Bear River roadway
- Environmental restoration of setback area and existing Bear River roadway

**PHASE 4 LEVEL IMPROVEMENTS (2006)**
- Demolition of existing homes and structures within the setback levee area, clearing and grubbing of remaining trees
- Construction of setback levee embankment (approx. 2 miles) and installation of approximately 18 relief wells
- Removal of portions of the existing Bear and Feather River Levees
- Construction of a floodplain swale to mitigate potential fish standing

**PHASE 4 LEVEL IMPROVEMENTS (2005)**
- Cleaning, grubbing, and stripping of setback levee foundation
- Excavation and backfilling of approximately 9,500 feet of inspection trench
- Construction of approximately 9,500 feet of 40-inch square 10 feet below the surface
- Construction of setback levee toe-in embankment with existing Feather River Levee and installation of two 100-wells
- Investigations of three archeological areas revealed during construction

**PHASE 4 LEVEL IMPROVEMENTS (2004)**
- Oliveston Detention Basin, Regional, Ring Levee between SR-70 and the Clark Lateral Levee
- WTC Levee: Levee crown raise to provide adequate floodway
- Lower Bear River Levee crown raise to provide adequate floodway and a watershed impervious zone to prevent through-earpage
- Pump Station No. 6 removal and new set back pump station to protect against underseepage
- Yuba River Levee: 500-foot long, 90-foot deep slurry cutoff wall and an 800-foot long, 90-foot deep slurry cutoff wall
- Upper WTC Levee: 500-foot long, 90-foot deep slurry cutoff wall and an 800-foot long, 90-foot deep slurry cutoff wall
- Lower WTC Levee: Landslide risk assessed, floodwall to protect against underseepage
- Upper Bear River Levee: Reconstruction of 300 feet of levee
- Upper Bear River Levee: Reconstruction of 300 feet of levee

**PHASE 3 LEVEL IMPROVEMENTS (2004)**
- Yuba River Levee: 500-foot long, 90-foot deep slurry wall to provide a cutoff of underseepage

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**TRLIA FY 2012/13 Proposed Budget**

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**Proposed Budget 12-13 6.4-12 6.4.12 6.4.12**
Figure 5 - TRLIA Feather River Corridor Project

Location Map
Feather River Setback Project
(Project Levee Mile 7.2 - 23.4 L'
Yuba County, California

Riparian Vegetation
- Berry Shrub
- Cottonwood Forest
- Disturbed
- Disturbed Riparian
- Gravel

Herb Land
Marsh
Mixed Forest
Open Water
Riparian Scrub
Valley Oak

Prepared by:
Geographical Information Center
October 2009

Prepared Budget 12-13 6-6-13 docx
TRLIA Revenues:

- **TRLIA General Fund No. 805:**
  This is the fund that developer advanced funding, State Proposition 13 reimbursements, levee impact fees, State Proposition 1E payments, and other miscellaneous revenues are ultimately deposited into. This is also the fund that all TRLIA payments are made from. Fund Nos. 810, 811, 813, 816, 817, and 818 transfer funds into Fund No. 805 to pay project and administrative expenses.

- **State Proposition 1E Early Implementation Program (EIP) funding Agreements – Funds 816 and 817:**

  TRLIA currently has two EIP funding agreements:

  - Modified Feather River EIP Agreement total project cost is $200.5 million (State Share $154.8 million) – Modified Funding Agreement Approved by DGS March 25, 2010. The State Share of expenses for this project advanced to TRLIA are deposited into Fund No. 816. Once eligible expenses are paid from fund 805, the State share of the expense are transferred from fund 816 into 805 (Revenue account 805-0000-361.62-51). Any reimbursements for the State share of expenses previously incurred by TRLIA that are funded pursuant to this agreement are deposited directly into the same revenue account within the 805 fund.

  - Upper Yuba River EIP Agreement total project cost are approved up to $67.8 million of which $7.7 million is prior work (State share $47.4 million). However, the project costs have ultimately come in much lower based upon actual construction bids received after the completed design. The revised project costs which have been submitted to the State through the Work Plan Budgeting process now total $29.9 million. The State Share of expenses for this project advanced to TRLIA is deposited to Fund No. 817. Once eligible expenses are paid from fund 805, the State share of the expense is transferred from fund 817 into 805 (Revenue account 805-0000-361.62-50). Any reimbursements for the State share of expenses previously incurred by TRLIA that are funded pursuant to this agreement are deposited directly into the same revenue account within the 805 fund.

- **Yuba Levee Finance Authority Bond Revenues – Fund No. 813:**
  On July 22, 2008, YCWA and Yuba County formed the Yuba Levee Finance Authority (YLFA) as the entity to effectuate the borrowing contemplated in the local funding agreement. On September 23, 2008, the YLFA closed on bonds sales to yield $46.6 million in project proceeds. To date, $39,576,531 of the proceeds have been authorized and drawn down for the project. At the time of drafting this budget, TRLIA does not expect to need additional funding from YLFA.

- **TRLIA Benefit Assessment District – Fund No. 818:**
  On June 2, 2009 the TRLIA Board adopted a resolution to form the Benefit Assessment District to pay for the additional long-term maintenance and operation costs on the 29 miles of improved levees. The FY11/12 levy for the Assessment District was $847,849.66. For the FY 11/12
(through April 30, 2012) the revenues from tax collections and interest deposited into Fund No. 818 (net of County related expenses) were $805,097.34.

It is anticipated that the TRLIA Board will approve the FY12/13 collection of Levee O&M assessments at the June 19, 2012 TRLIA Board meeting. The base amount of assessments with no escalation is $848,966.95. Escalation of this amount is based upon increases in the Consumer Price Index is subject to board discretion and approval.

- **Levee Impact Fees – Fund No. 803:**
  Pursuant to Yuba County Ordinance No. 1465 adopted on November 18, 2008 (effective January 17, 2009) Yuba County collects Levee Impact Fees from building permits to help pay for the local share of costs of levee improvements being made by TRLIA. Fee revenue collected by the County is used to service and retire the bonds issued by YLFA. TRLIA no longer receives any revenue from this fund to pay project expenses. As noted below, TRLIA does, however, collect special taxes into funds 810 and 811 and those special taxes that are collected for the purpose of advance funding fees are deposited into this account. In the future, TRLIA will work with the County to update the levee impact fee nexus study to reflect the costs of the improvement program, the associated financing costs incurred by the County & YLFA, as well as any updated development projections in the benefit area.

- **TRLIA Community Facility Districts (CFD) – Fund No.'s 810 and 811:**
  TRLIA collects revenues from two CFD’s that were created in April 2007 by the landowners that were developing property in the area benefited by the TRLIA levee improvement program. The CFD’s are called “TRLIA CFD 2006-1 (South County Area)” (Fund No. 810); and “TRLIA CFD 2006-2 (South County Overlay District)” (Fund No. 811). The special taxes levied by these CFD’s provide funding to the landowners developing the property in order to pay the Levee Impact Fee obligations imposed by County Ordinance No. 1465. TRLIA has issued CFD’s Bonds and the special taxes collected by the CFD’s are either being used to fund remaining fee obligations of the developers or redeem outstanding bonds. Funds collected to pay remaining fee obligations are transferred to the Levee Impact Fee Fund (803) as noted above.

  Through April, 30 2012, for FY11/12 the CFD’s levied:
  - 2006-1: $412,974.90, and collected $405,110.88 (net of Auditor Controller Expenses). A portion of this collection will be used to pay TRLIA administrative expenses, the remaining funds will be used to advance levee fees and retire outstanding bond debt.
  - 2006-2: $86,800.86, and collected $72,142.94 (net of Auditor Controller Expenses). A portion will be used to pay TRLIA administrative expenses, the remaining funds will be used to advance levee fees and retire outstanding bond debt.

Revenues for the fiscal year 2012/13 will be known when the CFD administrative work is completed in July in time for the August 10th submission of the tax rolls to the Auditor Controller.

**Other TRLIA Budget Items of Note:**

- **Environmental Escrow Accounts:**
Other TRLIA Budget Items of Note:

- Environmental Escrow Accounts:
  TRLIA has established two Environmental Escrow Accounts to pay for Corps of Engineers 404 permit requirements:
  
  - Bear River Setback Area: The 404 permit requires TRLIA to create an endowment large enough to continually pay for long term monitoring and maintenance of the Setback Area. The approved initial amount per the Property Analysis Record is $2,141,695. This amount has been placed into the escrow account and is generating interest. Once the property has been transferred (anticipated by June 2014) to the State, and the State has identified a nonprofit 3rd party organization to maintain the area, TRLIA will execute a contract with the 3rd party organization. The estimated annual cost of the maintenance contract is $88,115 (subject to timing and inflationary adjustments). TRLIA plans to incorporate this property into the Flood Corridor Protection Program work.

  - Feather River Wetlands and Drainage Swale Area: The 404 permit requires TRLIA to do the following items:

    ✓ Obtain a performance bond that could be used to fix the Wetlands and Drainage Swale Areas should they not meet the 3 year performance criteria. The performance period is anticipated to end in 2014. The approved bond amount is $220,286, which has been deposited into the escrow account.

    ✓ Create an endowment large enough to continually pay for long term monitoring and maintenance of the Wetlands and Drainage Swale Areas. The approved initial amount is $430,289. This amount has been placed into the escrow account and is drawing interest. Once the property has been transferred to the State (anticipated by June 2014), and the State has identified a nonprofit 3rd party organization to maintain the area, TRLIA will execute a contract with the 3rd party organization. The yearly cost of the contract is estimated to be approximately $20,000.

- TRLIA Flood Protection Corridor EIP Application:
In April 2011, TRLIA submitted an application for $9,548,904 of funding through the Flood Protection Corridor Program funded by Prop 1E. This request was for funding 100% of the project costs based upon the cost sharing guidelines that concluded TRLIA should be eligible for 100% State cost sharing due the benefit area’s status as a Severely Disadvantaged Community. The program would fund the Restoration of 720 Acres of Riparian Habitat and approximately $891,000 of recreational improvements in the Feather River Setback area as well as long term O&M endowment. In addition, TRLIA has identified a plan that will incorporate the long term endowments listed in the prior section into a comprehensive operations and maintenance program to provide for the ongoing costs of maintaining the proposed enhanced corridor and link the areas to the Bear River Setback Levee. TRLIA has been notified that its Flood Protection Corridor grant application cannot be direct funded and that the application will need to be resubmitted once a new proposal solicitation package is circulated by DWR. If TRLIA is
awarded the Grant in the future, the details of this financing arrangement will be worked through and further developed. As TRLIA does not yet have a determination on the funding for this grant with the State, the overall program costs shown above include this project, but the budget does not reflect the work taking place in FY 12/13. TRLIA will only commence the work once State funding is provided.

- **Levee and Levee Toe-Access Corridor Land Acquisition**
  On February 1 and February 15, 2010, the TRLIA Board approved a new Real Estate Plan and adopted an amended budget for FY 2010/11 to provide appropriations for the support and acquisition of a Toe –Access Corridor along the Feather Segments 1 & 3, Upper Bear and WPIC, and Lower Yuba (Hwy 70 to Simpson Lane). This work is required as part of the encroachment permits associated with that prior completed work by TRLIA. TRLIA commenced work on this effort in FY 11/12 and expects to complete this work as part of this year’s budget. The final transfer of property however, will extend into next year’s budget.

- **TRLIA Memberships:**
  TRLIA belongs to the California Central Valley Flood Control Association, Butte-Yuba-Sutter Water Quality Coalition, and the Floodplain Management Association. This budget includes TRLIA maintaining these memberships.

- **TRLIA Outreach:**
  As noted in prior year budgets, that due to TRLIA’s success in quickly completing the RD 784 levee major levee improvements and achieving FEMA levee system accreditation, that TRLIA staff will continue to be asked to share how it was all done and what this all means for Yuba County. The outreach effort could lead to new opportunities for Yuba County. The FY 2011/12 budget includes $40,000 for this effort.

- **Evaluation of Interim Levee Design Criteria and 200-Year Compliance Determination**
  As part of DWR’s implementation of SB 5, DWR has promulgated new Urban Levee Design Criteria that provide guidance on the design of levees protecting urban areas and requirements for 200-Year protection. Since February of 2011, TRLIA has been performing a comprehensive analysis of the work it has completed in order to ensure that the 200-Year Criteria that TRLIA has used to implement its projects complies with the new criteria promulgated by DWR. The County, in order to comply with the requirements of SB-5 and move forward with development plans in the area will need to demonstrate how it can provide the required urban level of flood protection. TRLIA has started this work and its design consultants are working to implement the approach the board approved in February of 2010. TRLIA plans to complete this work by the end of FY 2012/13. If it is determined that the work previously completed by TRLIA does not meet the new criteria developed by DWR, then work implementing any needed modifications to the levees will be implemented in FY 2012/13 and be completed by FY 2013/14.

- **Goldfields**
  In order to ensure that TRLIA can obtain an Addendum to its FEMA 100-Year certification that reflects protection from the recently improved Upper Yuba Levee, TRLIA needs to ensure that this levee ties into high ground at the Goldfields. In October 2011, TRLIA completed an analysis showing at certain points within the Goldfields, a risk of flooding could occur during a 100-Year storm event contrary to the conclusion the Corps of Engineers had concluded in March.
2010. In order to address this TRLIA has embarked on a Feasibility Study and Alternatives analysis, cost shared with the State to complete the following actions: 1) Prepare an analysis of any additional work needed to certify 100-year protection, 3) Prepare a further Feasibility Analysis to determine any efforts needed to achieve 200-Year protection and, 3) Develop a plan to ensure that 200-Year level of protection can be provided and maintained in coordination with existing mining efforts in the area. TRLIA expects to complete the Feasibility/Alternatives Analysis and move into the implementation phase of any 100-Year actions in FY 12/13.

- **TRLIA Prior Year Funds**
  In order to cover the nearly $400 million of costs of TRLIA’s levee improvement program, TRLIA has had various sources of funding. These funds can be categorized into two major categories, Non-Local Funding and Local Funding.

Non-Local Funding can be summarized as follows:
- State Funding through the Department of Water Resources
  - Various Proposition 13 Grants and two Proposition 1E EIP Project funding agreements.
- State Funding through the Department of Fish & Game
  - Has come through two separate Prop 13 Grants
- Federal Funding through FEMA for the Olivehurst Detention Basin

Local Funding can be summarized as follows:
- Advance funded Three Rivers Levee Impact Fees
  - From various agreements with developers in Plumas Lake
  - From the borrowing by the County and YCWA (jointly YLFA) to advance fees to specifically cover Phase 4 costs
- Advances from RD 784 for work done by TRLIA on RD 784 pump station facilities and later reimbursements if costs exceed initial advancement
- Revenues from the TRLIA Assessment District to cover the direct costs of administering the Assessment District
- Revenues from the TRLIA CFD’s to cover the direct costs of administering the districts
- Income from Feather Setback Farming leases
- Interest earned on cash balances

As TRLIA’s levee improvement program progressed over time, the timing of the above funding being made available to TRLIA to cover current project related cost varied. In general, TRLIA’s local funding sources from Advanced Three Rivers Levee Fees came sooner than State Funding through Prop 13 and Prop 1E. Essentially, in order to complete the project in an aggressive time frame and maintain sufficient cash flow to meet the current costs of the program, TRLIA needed to use Local Funding from the Advanced Three Rivers Levee fees received from Developers and YLFA to cover not only the local share of the costs of the various projects, but ultimately the State’s share of those costs as well. As time has passed, TRLIA has received reimbursements from the State through Prop 13 as well as payments through the EIP funding agreements thus recovering those Local Funding sources. This funding has come in the form of credit for the
state share of applicable prior work as outlined in both the (Feather and Upper Yuba) Prop 1E funding agreements.

As TRLIA’s program progresses and the State funded portions of TRLIA’s projects come to a close and all final reimbursements and retention from the State are received, TRLIA will rely on those reimbursements that represent previously advanced local funds to complete its mission of providing 200-Year flood protection for the South County.

As noted above, there are two sources of Advanced Three Rivers Levee Impact Fees. Various funding agreements and funding districts (CFD’s) were implemented by TRLIA between 2004 and 2008 with local developers / home builders. The money advanced through those agreements TRLIA refers to as “Prior Year Funds.” In 2008, the Yuba Levee Finance Authority executed its borrowing to provide funding specifically for the local costs of Phase 4 Improvements. In doing this, the YLFA would receive all Levee Impact Fees in order to pay off this borrowing. To provide an estimate of the current balance of “Prior Year Funds,” so that TRLIA can allocate this funding to specific activities, TRLIA has reviewed its expenditures to date associated with Phase 4 activities and determined the local responsibility for those expenditures, and compared this amount to the funding provided by YLFA to date. Any funding received by TRLIA to date making up its current balance within its 805 fund net of any excess amount provided by YLFA would constitute “Prior Local Funding.” The Table below shows the total local share of the Phase 4 EIP project costs and the total amount of funds advanced by the YLFA to date.

<table>
<thead>
<tr>
<th>Total Local Share of EIP Costs to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FRLIP Local Share of Costs</strong></td>
</tr>
<tr>
<td><em>Segment 2 Non-Real Estate</em></td>
</tr>
<tr>
<td><em>Segment 2 Real Estate</em></td>
</tr>
<tr>
<td><em>Segment 3</em></td>
</tr>
<tr>
<td><em>Segment 1</em></td>
</tr>
<tr>
<td><em>Overhead</em></td>
</tr>
<tr>
<td>Subtotal FRLIP Local Costs</td>
</tr>
<tr>
<td><strong>Upper Yuba Local Costs</strong></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
</tr>
<tr>
<td><strong>Total Funding from YLFA Provided to Date</strong></td>
</tr>
<tr>
<td><strong>Difference</strong></td>
</tr>
</tbody>
</table>

Thus far, YLFA has provided $4,429,429 less than the local share of the Phase 4 EIP project costs to date. At this time TRLIA has opted not to request funding from YLFA (and hold this resource in reserve for emergencies) and manage the balance of the Phase 4 program with remaining Prior Year local funding. Given this fact, TRLIA's current cash balance within its 805 fund represents solely Prior Year local funds and is not dedicated solely for Phase EIP local
costs. TRLIA will rely on the Prior Year local funds to complete its mission of providing 200-Year flood protection for the South County.
## TRLIA
### FISCAL YEAR 2012-2013 BUDGET

### BUDGETED ESTIMATED EXPENDITURE SUMMARY

<table>
<thead>
<tr>
<th>ACCOUNT NUMBER</th>
<th>ACCOUNT DESCRIPTION</th>
<th>REQUEST 2011 - 2012</th>
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</thead>
<tbody>
<tr>
<td>805-3350-425.15-00</td>
<td>INSURANCE</td>
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<tr>
<td>805-3350-425.20-00</td>
<td>MEMBERSHIP</td>
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<tr>
<td>805-3350-425.23-01</td>
<td>SPECIAL PROJECTS</td>
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<tr>
<td></td>
<td>Phase 2 Upper Bear, WPIC &amp; Yuba to UPRR</td>
<td>197,085</td>
</tr>
<tr>
<td></td>
<td>Phase 3 Levee Repair</td>
<td>7,250</td>
</tr>
<tr>
<td></td>
<td>Phase 4 Upper Yuba Levee Repair</td>
<td>3,101,176</td>
</tr>
<tr>
<td></td>
<td>Phase 4 Feather Levee Repair (Segment 1)</td>
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<tr>
<td></td>
<td>Phase 4 Feather Levee Repair (Segment 2)</td>
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</tr>
<tr>
<td></td>
<td>Phase 4 Feather Levee Repair (Segment 3)</td>
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<tr>
<td></td>
<td>Goldfields High Ground Evaluation</td>
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<td>200-Year Compliance Efforts</td>
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<td></td>
<td>Feather River Corridor Project</td>
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<td>805-3350-425.23-02</td>
<td>PROFESSIONAL SERVICES</td>
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<td>805-3350-425.23-01</td>
<td>TRLIA FUNDING DISTRICT ADMIN.</td>
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<td>805-3350-425.23-01</td>
<td>TRLIA OUTREACH</td>
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<tr>
<td>805-3350-425.29-00</td>
<td>TRAVEL</td>
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<td><strong>TOTAL</strong></td>
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### ESTIMATED REVENUE

<table>
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<tr>
<th>ACCOUNT NUMBER</th>
<th>REVENUE SOURCE</th>
<th>AMOUNT 2011 - 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>805-0000-361.62-50</td>
<td>PROP 1E Yuba - State Share (Advances &amp; Retention)</td>
<td>2,906,027 /5</td>
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<tr>
<td>805-0000-361.62-51</td>
<td>PROP 1E Feather - State Share (Advances &amp; Retention)</td>
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<tr>
<td>805-0000-361.98-99</td>
<td>MISCELLANEOUS REVENUE (INTEREST)</td>
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<td>805-0000-311.62-52</td>
<td>Prop 13 Yuba Feather Flood Protection Program Funding</td>
<td>1,568,495 /8</td>
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<tr>
<td>805-0000-361.62-53</td>
<td>Prop 1E Flood Protection Corridor Funding</td>
<td>0 /9</td>
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<tr>
<td>805-0000-361.67-00</td>
<td>NET FUNDING DISTRICT REVENUE (ADMIN)</td>
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<td><strong>TOTAL</strong></td>
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<td><strong>6,563,522</strong></td>
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### ESTIMATED FUND BALANCES (FY 12/13)

<table>
<thead>
<tr>
<th>ACCOUNT NUMBER</th>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>805-0000-101.01-00</td>
<td>STARTING FUND BALANCE (CARRYOVER FROM 11/12)</td>
<td>5,783,856 /11</td>
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<tr>
<td></td>
<td>PLUS Revenues</td>
<td>6,563,522</td>
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<tr>
<td></td>
<td>LESS Expenses</td>
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<tr>
<td>805-0000-101.01-00</td>
<td>ENDING FUND BALANCE (CARRYOVER TO 13/14)</td>
<td>959,182</td>
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</table>

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1/ Source for Special Project Budget is TRLIA Cash Flow Spreadsheet 5-24-12.
2/ The Flood Corridor protection program will only take place if State funding is made available.
3/ CFD and Assessment District. Includes Contracts with SCI & SWC. Shown separately from Special Projects for Clarity.
4/ Includes O&M Cost of County Vehicle Provided to TRLIA
5/ Represents funding from the State per Upper Yuba funding agreement, includes transfers from fund 817.
6/ Represents funding from the State per Feather River funding agreement, includes transfers from fund 816.
7/ Represents interest earned on fund balances
8/ Represents Prop 13 YFFPP funding agreement for Goldfields Feasibility Study
9/ Represents Prop 1E Flood Protection Corridor funding for the Feather River Corridor Project
10/ Represents transfers from funds 810, 811 and 816 to cover CFD and Assessment District administrative expenses.
11/ Represents an estimated starting 805 fund carryover balance for FY 12/13 based upon projections.
### PHASE

<table>
<thead>
<tr>
<th>PHASE</th>
<th>Design</th>
<th>Permitting</th>
<th>Construction</th>
<th>CM</th>
<th>ROW Capital &amp; Support</th>
<th>Environmental/Mitigation/Restoration</th>
<th>PM/1</th>
<th>Contingency</th>
<th>Total</th>
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<tbody>
<tr>
<td>TRILIA Phase 2 Levee Repair Upper Bear, WPIC &amp; Yuba to UPRR</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>15,000</td>
<td>153,750</td>
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<td>28,335</td>
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<tr>
<td>TRILIA Phase 3 Levee Repair Bear River Setback Levee</td>
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<td>0</td>
<td>0</td>
<td>7,250</td>
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<td>7,250</td>
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<td>TRILIA Phase 4 Upper Yuba Levee Repair HWY 70 to Goldfields</td>
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<td>113,574</td>
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<td>TRILIA Phase 4 Feather Levee Repair Segment 3 - Strengthen in Place</td>
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<td>Goldfields Feasibility Study (Including Potential Implementation Items)</td>
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<td>21,955</td>
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<td>669,593</td>
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<td>0</td>
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<td><strong>TOTALS</strong></td>
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<td><strong>$1,125,400</strong></td>
<td><strong>$2,904,011</strong></td>
<td><strong>$361,225</strong></td>
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<td><strong>$360,000</strong></td>
<td><strong>$768,869</strong></td>
<td><strong>$10,462,295</strong></td>
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</table>

1/ Specific ROW Support and Project Management Contract are detailed below.
2/ The Corridor Protection Program will only take place if State funding becomes available.

### TRILIA PROJECT MANAGEMENT CONTRACTS (#23-01)

<table>
<thead>
<tr>
<th>CONTRACTOR</th>
<th>Work Included w/in</th>
<th>Contracts Included w/in</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CONTRACTOR</strong></td>
<td><strong>Management</strong></td>
<td><strong>Permits &amp; R of W</strong></td>
</tr>
<tr>
<td>MBK (Program Mgmt &amp; Design Mgmt)</td>
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<td>0</td>
</tr>
<tr>
<td>Handen Company</td>
<td>35,000</td>
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<tr>
<td>Downey Brand (General Counsel)</td>
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<tr>
<td>Downey Brand (R of W Counsel)</td>
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<td>800,000</td>
</tr>
<tr>
<td>BRI (ROW Mgmt and Acquisition)</td>
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<td>500,000</td>
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<tr>
<td>ROW Engineering (CTA)</td>
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<td>75,000</td>
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<tr>
<td>SWC Inc. (Financial Consultant)</td>
<td>75,000</td>
<td>0</td>
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<tr>
<td>Mike Hinz (Auditing)</td>
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<tr>
<td>Floyd Communications (Public Relations)</td>
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<td><strong>TOTAL</strong></td>
<td><strong>360,000</strong></td>
<td><strong>1,375,000</strong></td>
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TRLIA FY 2012/13 Proposed Budget
### 2011/2012 PROFESSIONAL SERVICES DETAIL (#23-02)

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<thead>
<tr>
<th>DETAIL DESCRIPTION</th>
<th>2012/13</th>
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<tbody>
<tr>
<td>Public Works Admin Salaries, Benefits, and Expenses</td>
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<tr>
<td>Executive Director Salary &amp; Benefits</td>
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<tr>
<td>CAO, Auditor, &amp; Treasurer Salary, Benefits, and Expenses</td>
<td>90,000</td>
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<td>Administrative Assistant Salary &amp; Benefits</td>
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<td>Clerk of the Board Salary, Benefits, and Expenses</td>
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</tr>
<tr>
<td>TRLIA General Expenses (Services, Supplies &amp; Office)</td>
<td>84,000</td>
</tr>
</tbody>
</table>

**TOTAL** 544,100

1/ $7,000 per month
# TRLIA

**FISCAL YEAR 2013-2014 PROJECTED BUDGET**

## BUDGETED ESTIMATED EXPENDITURE SUMMARY 1/  

<table>
<thead>
<tr>
<th>ACCOUNT NUMBER</th>
<th>ACCOUNT DESCRIPTION</th>
<th>AMOUNT 2013 - 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>805-3350-425.15-00</td>
<td>INSURANCE</td>
<td>304,000</td>
</tr>
<tr>
<td>805-3350-425.20-00</td>
<td>MEMBERSHIP</td>
<td>10,800</td>
</tr>
<tr>
<td>805-3350-425.23-01</td>
<td>SPECIAL PROJECTS</td>
<td>5,330,401</td>
</tr>
<tr>
<td></td>
<td>Phase 2 Upper Bear, WPIC &amp; Yuba to UPRR</td>
<td>1,032,838</td>
</tr>
<tr>
<td></td>
<td>Phase 3 Levee Repair</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Phase 4 Upper Yuba Levee Repair</td>
<td>91,479</td>
</tr>
<tr>
<td></td>
<td>Phase 4 Feather Levee Repair (Segment 1)</td>
<td>47,739</td>
</tr>
<tr>
<td></td>
<td>Phase 4 Feather Levee Repair (Segment 2)</td>
<td>147,367</td>
</tr>
<tr>
<td></td>
<td>Phase 4 Feather Levee Repair (Segment 3)</td>
<td>47,739</td>
</tr>
<tr>
<td></td>
<td>Goldfields High Ground Evaluation</td>
<td>622,682</td>
</tr>
<tr>
<td></td>
<td>200-Year Compliance Efforts</td>
<td>1,254,463</td>
</tr>
<tr>
<td></td>
<td>Feather River Corridor Project</td>
<td>2,086,093</td>
</tr>
<tr>
<td>805-3350-425.23-02</td>
<td>PROFESSIONAL SERVICES</td>
<td>544,100</td>
</tr>
<tr>
<td>805-3350-425.23-01</td>
<td>TRLIA FUNDING DISTRICT ADMIN.</td>
<td>29,000</td>
</tr>
<tr>
<td>805-3350-425.29-00</td>
<td>TRAVEL</td>
<td>13,000</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td>6,231,301</td>
</tr>
</tbody>
</table>

## ESTIMATED REVENUE 1/  

<table>
<thead>
<tr>
<th>ACCOUNT NUMBER</th>
<th>REVENUE SOURCE</th>
<th>AMOUNT 2013 - 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>805-0000-361.62-50</td>
<td>PROP 1E Yuba - State Share (Advances &amp; Retention)</td>
<td>3,117,736</td>
</tr>
<tr>
<td>805-0000-361.62-51</td>
<td>PROP 1E Feather - State Share (Advances &amp; Retention)</td>
<td>3,250,773</td>
</tr>
<tr>
<td>805-0000-371.98-99</td>
<td>MISCELLANEOUS REVENUE (INTEREST)</td>
<td>60,000</td>
</tr>
<tr>
<td>805-0000-361.62-52</td>
<td>Prop 13 Yuba Feather Flood Protection Program Funding</td>
<td>425,000</td>
</tr>
<tr>
<td>805-0000-361.62-53</td>
<td>Prop 1E Flood Protection Corridor Funding</td>
<td>1,737,380</td>
</tr>
<tr>
<td>805-0000-311.07-00</td>
<td>NET FUNDING DISTRICT REVENUE (ADMIN)</td>
<td>29,000</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td>8,619,888</td>
</tr>
</tbody>
</table>

## ESTIMATED FUND BALANCES (FY 13/14)  

<table>
<thead>
<tr>
<th>ACCOUNT NUMBER</th>
<th>DESCRIPTION</th>
<th>AMOUNT 2013 - 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>805-0000-101.01-00</td>
<td>STARTING FUND BALANCE (CARRYOVER FROM 12/13)</td>
<td>959,182</td>
</tr>
<tr>
<td></td>
<td><strong>PLUS Revenues</strong></td>
<td>8,619,888</td>
</tr>
<tr>
<td></td>
<td><strong>LESS Expenses</strong></td>
<td>-6,231,301</td>
</tr>
<tr>
<td></td>
<td><strong>ENDING FUND BALANCE (CARRYOVER TO 14/13)</strong></td>
<td>3,347,770</td>
</tr>
</tbody>
</table>

---

1/ Source for Special Project Budget is TRLIA Cash Flow Spreadsheet 5-24-12.
2/ The Flood Corridor protection program will only take place if State funding is made available.
3/ CFD and Assessment District, Includes Contracts with SCI & SWC. Shown separately from Special Projects for Clarity.
4/ Includes O&M Cost of County Vehicle Provided to TRLIA
4/ Represents funding from the State per Upper Yuba funding agreement, includes transfers from fund 817.
5/ Represents funding from the State per Feather River funding agreement, includes transfers from fund 816.
6/ Represents interest earned on fund balances.
7/ Represents Prop 13 YFFPP funding agreement for Goldfields Feasibility Study.
8/ Represents Prop 1E Flood Protection Corridor funding for the Feather River Corridor Project.
9/ Represents transfers from funds 810, 811 and 818 to cover CFD and Assessment District administrative expenses.
10/ Represents an estimated starting 805 fund carryover balance for FY 13/14 based upon projections.
# SPECIAL PROJECTS DETAIL (#23-01)

## PHASE

<table>
<thead>
<tr>
<th>Major Cost Category</th>
<th>Design</th>
<th>Permitting</th>
<th>Construction</th>
<th>CM</th>
<th>ROW Capital/ Support /1</th>
<th>Environmental/ Mitigation/ Restoration</th>
<th>PM /1</th>
<th>Contingency</th>
<th>Total</th>
</tr>
</thead>
</table>
| TRLIA Phase 2 Levee Repair  
Upper Bear, WPIC & Yuba to UPRR | 0 | 0 | 0 | 0 | 999,375 | 0 | 33,463 | 1,032,838 |
| TRLIA Phase 3 Levee Repair Bear River 
Setback Levee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TRLIA Phase 4 Upper Yuba Levee Repair  
HWY 70 to Goldfields | 0 | 0 | 0 | 0 | 48,000 | 0 | 43,479 | 91,479 |
| TRLIA Phase 4 Feather Levee Repair  
Segment 1 - Strengthen in Place | 0 | 0 | 0 | 0 | 24,000 | 0 | 23,739 | 47,739 |
| TRLIA Phase 4 Feather Levee Repair  
Segment 2 - Setback | 0 | 0 | 0 | 0 | 110,000 | 0 | 24,723 | 12,644 | 147,367 |
| TRLIA Phase 4 Feather Levee Repair  
Segment 3 - Strengthen in Place | 0 | 0 | 0 | 0 | 24,000 | 0 | 23,739 | 47,739 |
| Goldfields Feasibility Study  
(Including Potential Implementation Items) | 570,000 | 0 | 0 | 0 | 0 | 0 | 52,682 | 622,682 |
| 200-Year Non-EIP Compliance 
Determination & Implementation | 160,000 | 40,000 | 800,000 | 200,000 | 0 | 0 | 54,463 | 1,254,463 |
| Feather River 
Flood Corridor Protection Project | 23,308 | 55,000 | 1,656,712 | 292,361 | 0 | 0 | 58,712 | 2,086,093 |

**TOTALS**  
$753,308 | $95,000 | $2,456,712 | $492,361 | $1,205,375 | $0 | $315,000 | $12,644 | $5,330,401

1/ Specific Project Management Contract are detailed below.

## TRLIA PROJECT MANAGEMENT CONTRACTS (#23-01)

<table>
<thead>
<tr>
<th>CONTRACTOR</th>
<th>Management</th>
<th>Permits &amp; R of W</th>
</tr>
</thead>
<tbody>
<tr>
<td>MBK (Program Mgmt &amp; Design Mgmt)</td>
<td>80,000</td>
<td>0</td>
</tr>
<tr>
<td>Handen Company</td>
<td>30,000</td>
<td>0</td>
</tr>
<tr>
<td>Downey Brand (General Counsel)</td>
<td>80,000</td>
<td>0</td>
</tr>
<tr>
<td>Downey Brand (R of W Counsel)</td>
<td>0</td>
<td>360,000</td>
</tr>
<tr>
<td>BRI (ROW Mgmt and Acquisition)</td>
<td>0</td>
<td>150,000</td>
</tr>
<tr>
<td>SWC Inc. (Financial Consultant)</td>
<td>75,000</td>
<td>0</td>
</tr>
<tr>
<td>Mike Hinz (Auditing)</td>
<td>10,000</td>
<td>0</td>
</tr>
<tr>
<td>Floyd Communications (Public Relations)</td>
<td>40,000</td>
<td>0</td>
</tr>
</tbody>
</table>

**TOTAL**  
315,000 | 510,000
### 2012/2013 PROFESSIONAL SERVICES DETAIL (#23-02)

<table>
<thead>
<tr>
<th>DETAIL DESCRIPTION</th>
<th>2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Works Admin Salaries, Benefits, and Expenses</td>
<td>135,000</td>
</tr>
<tr>
<td>Executive Director Salary &amp; Benefits</td>
<td>160,000</td>
</tr>
<tr>
<td>CAO, Auditor, &amp; Treasurer Salary, Benefits, and Expenses</td>
<td>90,000</td>
</tr>
<tr>
<td>Administrative Assistant Salary &amp; Benefits</td>
<td>70,100</td>
</tr>
<tr>
<td>Clerk of the Board Salary, Benefits, and Expenses</td>
<td>5,000</td>
</tr>
<tr>
<td>TRLIA General Expenses (Services, Supplies &amp; Office)</td>
<td>84,000</td>
</tr>
</tbody>
</table>

TOTAL: **544,100**

1/ Approx. $7,000 per month
June 19, 2012

TO: 
FROM: Three Rivers Levee Improvement Authority Board
Paul Brunner, Executive Director
SUBJECT: Report Regarding Exercise of Authority by Executive Director to Waive Conflict of Interest

Recommended Action:
None.

Discussion:

Downey Brand LLP ("Downey Brand") is General Counsel to the Three Rivers Levee Improvement Authority ("TRLIA") and also acts as Special Counsel on eminent domain matters. On August 12, 2011, the Board adopted Resolution No. 2011-8 delegating authority to the Executive Director to grant or deny potential conflict of interest requests of Downey Brand and report to the Board when that the authority has been exercised. The Executive Director recently exercised that authority to grant two conflict of interest requests from Downey Brand.

Effective June 1, 2012, attorneys from the Sacramento law firm of Stern, Van Vleck & McCarron, LLP ("SVM") became partners in Downey Brand. SVM has represented Shoei Foods (USA) Inc. ("Shoei") for ten years with respect to the production, processing and marketing of agricultural products. On behalf of TRLIA, the right of way firm Bender Rosenthal, Inc. has been in discussions with Shoei about the acquisition of property necessary for Segment 1 of the Feather River Levee Improvement Project, but no agreement has been reached. It may become necessary for TRLIA to seek to acquire the property through eminent domain to establish the necessary O&M corridor. Downey Brand’s representation of TRLIA in any future eminent domain action against Shoei is substantively unrelated to the work SVM has done for Shoei in the past, but would create a legal conflict of interest. Downey Brand requested that the Executive Director sign a waiver letter (Attach 1) which would allow Downey Brand to represent TRLIA in any eminent domain action against Shoei, while also representing Shoei on unrelated matters. The Executive Director granted that request and signed the letter.

In addition, SVM has represented Wilbur Packing, Inc. for a number of years with respect to various agricultural industry issues. Downey Brand currently represents TRLIA in eminent domain litigation against Richard Wilbur as Trustee for the Wilbur Family Trust ("Wilbur Trust"). SVM does not represent the Wilbur Trust, and Downey Brand therefore does not believe there will be any legal conflict of interest in the firm continuing to represent TRLIA against the Wilbur Trust now that the attorneys from SVM have joined the firm. Nonetheless,
because the Wilbur family is involved with both Wilbur Packing, Inc. and the Wilbur Trust, Downey Brand disclosed the circumstances and requested that the Executive Director sign a letter consenting to Downey Brand’s representation of both TRLIA and Wilbur Packing, Inc. The Executive Director granted the request and signed the letter (Attach 2).

Copies of the waiver letters relating to Wilbur and Shoei are attached hereto.

**Fiscal Impact:**

No fiscal impacts.

Attachments:
1. Waiver Letter for Shoei
2. Waiver Letter for Wilbur
May 22, 2012

VIA E-MAIL AND U.S. MAIL

Paul G. Brunner
Executive Director
Three Rivers Levee Improvement Authority
1114 Yuba Street, Suite 218
Marysville, CA 95901-5273

Re: Representation of Shoie Foods (USA) Inc. by Downey Brand LLP

Dear Paul:

Effective June 1, 2012, attorneys from the Sacramento law firm of Stern, Van Vleck & McCarron, LLP (“SVM”) will become partners in Downey Brand LLP (“Downey”). We are very excited about this opportunity, which we believe will allow us to provide even better service to our loyal clients than we have traditionally taken great pride in doing.

Unfortunately, in a small number of cases, this situation has given rise to conflicts of interest that we need to address. Our representation of Three Rivers Levee Improvement Authority (“TRLIA” or “you”) in the matter with Shoie Foods is one such case.

As you know, Downey represents TRLIA with respect to flood control, general counsel and eminent domain matters. SVM has represented Shoie Foods (USA) Inc. (“Shoie”) for ten years with respect to the production, processing and marketing of agricultural products. On behalf of TRLIA, the right of way firm Bender Rosenthal, Inc. has been in discussions with Shoie about the acquisition of property necessary for Segment 1 of the Feather River Levee Improvement Project, but no agreement has been reached. Although we imagine both parties would prefer to come to an agreement, if they cannot do so, it may be necessary for TRLIA to seek to condemn property owned by Shoie to establish the necessary O&M corridor. This work by Downey would occur after the SVM attorneys join our firm, and is substantively unrelated to the work SVM has done for Shoie in the past.

Shoie has agreed that Downey may represent TRLIA against Shoie and Shoie will waive the conflict of interest that creates, as long as Downey constructs an ethical wall around the attorneys formerly with SVM. This letter requests TRLIA also to consent to proceed in this way. In

Attachment 1
consenting as requested, both Shoei and TRLIA would be consenting not to raise the conflict of interest posed by the representations described in this letter, meaning that neither client could seek to disqualify Downey from representing the other client in such representations.

In order for Downey to represent TRLIA as described above while also representing Shoiei, both Shoei and TRLIA must provide informed written consent to the representation. To obtain such consent, we must disclose to you the foreseeable adverse consequences of the representation under these circumstances so that you may consider them in deciding whether to provide the requested consent.

Disclosure

The first adverse consequence is discussed above. By consenting as requested, TRLIA would forego the ability to raise the conflict of interest described above and to seek disqualification of Downey from representing Shoiei based on the conflict of interest.

The next adverse consequence concerns an attorney’s duty of loyalty. The law governing legal ethics prohibits Downey from representing one current client adversely to another current client or clients, absent each client’s written consent after disclosure of the conflict and its actual and reasonably foreseeable adverse consequences. This is the case even if the representations are not related, as would be the case in the matters discussed above.

Theoretically there could be adverse consequences to TRLIA from our firm’s simultaneous representation of Shoiei and TRLIA. Attorneys have a duty of loyalty requiring them to do their professional best to serve each client they represent. This requires attorneys to pursue each client’s positions vigorously, which may require attorneys to take advantage of an opposing party’s weaknesses, if they are known and if it is ethical to do so. Thus, when one attorney in a law firm represents a client and the same or another attorney represents another client against the first client, even in an unrelated matter, either or both clients might be concerned that attorneys could favor one or another client and, as a result, fail to press the one client’s interests as vigorously as possible in order to gain favor with the other client. While I do not believe that this result would occur, such a result is at least theoretically possible. Different attorneys will represent TRLIA and Shoiei. Specifically, the Downey attorneys who perform work for TRLIA as to the possible eminent domain issues include Scott McElhern, Scott Shapiro, Max Steinheimer, Andrea Clark, Kelly Pope, Joe Schofield and Luke Steidlmayer, none of whom has worked for Shoiei. Shoiei will be represented by Dale Stern and John McCarron, who have not worked for TRLIA on any matter in the past. Downey’s representation of Shoiei with respect to the production, processing and marketing of agricultural products and of TRLIA with respect to eminent domain matters should not lessen this law firm’s advocacy of either client in the matters where the firm represents each of them. Nonetheless, it is important to disclose the possibility of these conflicts to you. In addition, since the representations of the two clients is unrelated, the firm should not acquire from either client confidential information that in theory could be put at risk.

DOWNEY BRAND
ATTORNEYS LLP

Attachment 1
Next, the issue of confidentiality requires further discussion. Attorneys have a duty to guard client confidences and secrets at every peril to themselves, and also to keep their clients reasonably informed about significant developments relating to their clients' representation. Thus, on one hand, we are not allowed to reveal to TRLIA any confidences or secrets we obtain from Shoei, nor are we allowed to reveal to Shoei any confidences or secrets we obtain from TRLIA. However, if we possess any confidences or secrets of Shoei that constitute or relate to significant developments in our representation of TRLIA, we would have a duty to disclose those confidences and secrets to TRLIA – but as noted, we may not ethically do so. We would likewise have a duty to reveal to Shoei any of TRLIA’s confidences or secrets that would constitute or relate to significant developments in our representation of Shoei. Thus, for us to represent both TRLIA and Shoei as described in this letter, we request that TRLIA and the SVM attorneys will request that Shoei waive the conflict posed by the intersection of these two rules. Specifically, each client must waive any right either of them might otherwise have for us to reveal or use confidences or secrets as described above. Here, the most obvious foreseeable adverse consequence related to the duties of confidentiality and communication is that, even if attorneys representing Shoei possess confidences and secrets of those clients that would be significant to our representation of TRLIA, we will not reveal to TRLIA or use for its benefit such confidences and secrets. We note, however, that we do not think in reality this conflict will arise, since the representations are unrelated, with the result that it is unlikely attorneys working for Shoei will learn confidences and secrets that would be significant to the representation of TRLIA. Again, however, it is important that we disclose these possible conflicts to you.

We also note that in theory there could be other adverse consequences to TRLIA from this representation that we cannot now foresee.

Ethical Wall

Upon consent of TRLIA and Shoei, Downey Brand will construct an ethical wall to assure that there is separation between the legal teams representing each client. The ethical wall will ensure that these attorneys do not communicate with one another regarding the adverse representations, even though they are unrelated. A memorandum establishing and describing this ethical wall be circulated to all personnel at the firm, and will be re-circulated periodically thereafter to remind all personnel of the existence of and importance of observing the ethical wall.

Independent Counsel

TRLIA may, if it wishes, consult independent counsel not from this law firm regarding the consent requested in this letter.

Consent

If TRLIA agrees to waive the conflicts described above, please so signify by signing and dating this letter below and returning a copy of this letter to me both by facsimile or email and by first class mail.
May 22, 2012
Page 4

Please do not hesitate to call me if you have any questions or comments regarding the above issues.

Very truly yours,

DOWNEY BRAND LLP

Scott D. McElhern

SDM:dc

AGREED AND ACCEPTED:

I have read the foregoing letter concerning the conflicts of interest associated with Downey Brand LLP's simultaneous representation of Three Rivers Levee Improvement Authority and Shoel Foods (USA) Inc. as described in the letter. I am authorized to waive such conflicts of interest on behalf of Three Rivers Levee Improvement Authority and, after having the opportunity to consult with independent counsel, Three Rivers Levee Improvement Authority waives any and all current and future conflicts of interest that may arise from this representation, to the extent and as set forth in the foregoing letter.

Dated: May 24, 2012

Paul G. Brunner
Executive Director
Three Rivers Levee Improvement Authority

1228963.1
May 23, 2012

VIA E-MAIL AND U.S. MAIL

Paul G. Brunner
Executive Director
Three Rivers Levee Improvement Authority
1114 Yuba Street, Suite 218
Marysville, CA 95901-5273

Re: Representation of Wilbur Packing, Inc. by Downey Brand LLP

Dear Paul:

Effective June 1, 2012, attorneys from the Sacramento law firm of Stern, Van Vleck & McCarron, LLP (“SVM”) will become partners in Downey Brand LLP (“Downey”). We are very excited about this opportunity, which we believe will allow us to provide even better service to our loyal clients than we have traditionally taken great pride in doing.

Unfortunately, in a small number of cases, this situation has given rise to certain situations that we need to address. Our representation of Three Rivers Levee Improvement Authority (“TRLIA” or “you”) in the matter involving the Wilbur Family Trust is one such situation.

As you know, Downey represents TRLIA with respect to flood control, general counsel and eminent domain matters. The attorneys involved in that representation are Scott McElhern, Max Steinheimer, Scott Shapiro, Kelly Pope, Luke Steidlmayer, Andrea Clark, and Joe Schofield (“the TRLIA attorneys”). Downey currently represents TRLIA in eminent domain litigation against Richard Wilbur as Trustee for the Wilbur Family Trust. SVM has represented Wilbur Packing, Inc. for a number of years with respect to various agricultural industry issues. SVM does not represent Richard Wilbur as the Trustee of the Wilbur Trust, who is the party against whom TRLIA is currently in litigation. Therefore, we do not believe there will be any legal conflict of interest in the firm continuing to represent TRLIA against Richard Wilbur as Trustee of the Wilbur Family Trust after the attorneys from SVM join the firm. Nonetheless, the Wilbur family is involved with both Wilbur Packing and the Wilbur Trust. Therefore, even in the absence of a legal conflict of interest, Downey Brand and SVM decided it would be best to disclose this circumstance to you and request your consent to the firm’s continuing
representation of TRLIA in the matter involving the Wilbur Trust while the attorneys formerly with SVM continue to represent Wilbur Packing after they join Downey Brand.

Richard Wilbur is willing to consent to this representation and agrees it would be appropriate to establish an ethical wall to separate the attorneys representing TRLIA in the litigation with the Wilbur Trust from the attorneys who represent Wilbur Packing. However, Mr. Wilbur also would prefer that such an ethical wall not prevent Wilbur Packing from being able to access other Downey Brand attorneys for other work unrelated to the litigation between TRLIA and Richard Wilbur as Trustee of the Wilbur Trust.

This letter therefore requests that TRLIA consent to the following:

1. Downey Brand would continue to represent TRLIA in the current litigation against the Richard Wilbur as Trustee of the Wilbur Trust.

2. Upon joining Downey Brand, attorneys formerly with SVM would continue to represent Wilbur Packing with respect to various agricultural industry issues.

3. The TRLIA attorneys would be separated from the attorneys who represent Wilbur Packing by an ethical wall. However, this would not prevent other Downey Brand attorneys from working for Wilbur Packing as long as the work was not either in the current litigation between TRLIA and Richard Wilbur as Trustee of the Wilbur Trust or substantially related to that litigation. The ethical wall will ensure that the attorneys separated by the ethical wall do not communicate with one another regarding the adverse representations, even though they are unrelated. A memorandum establishing and describing this ethical wall be circulated to all personnel at the firm, and will be re-circulated periodically thereafter to remind all personnel of the existence of and importance of observing the ethical wall.

SVM will request Wilbur Packing and Richard Wilbur as Trustee of the Wilbur Trust to provide the same consent.

In consenting as requested, TRLIA, Wilbur Packing, and Richard Wilbur as Trustee of the Wilbur Trust would be consenting not to raise any conflict of interest posed by the representations described in this letter, assuming any existed and they had the ability to raise such conflicts of interest. This would mean that none of TRLIA, Wilbur Packing, and Richard Wilbur as Trustee of the Wilbur Trust could seek to disqualify Downey Brand from representing any of the other clients in the representations described in this letter.

Although we do not believe an actual legal conflict of interest exists, in the interest of full disclosure, we disclose below the foreseeable adverse consequences of the representations under the circumstances described in this letter so that you may consider them in deciding whether to provide the requested consent.
Disclosure

The first adverse consequence is discussed above. By consenting as requested, TRLIA would forego the ability to raise the conflict of interest described above and to seek disqualification of Downey Brand from representing Wilbur Packing based on the conflict of interest.

The next adverse consequence concerns an attorney’s duty of loyalty. The law governing legal ethics prohibits Downey from representing one current client adversely to another current client or clients, absent each client’s written consent after disclosure of the conflict and its actual and reasonably foreseeable adverse consequences. This is the case even if the representations are not related, as would be the case in the matters discussed above.

In this case, we will not be representing one current client against another, since SVM does not represent Richard Wilbur as Trustee of the Wilbur Trust. Nonetheless, SVM works closely with Richard Wilbur in representing Wilbur Packing. This might cause TRLIA to be concerned that even though Downey Brand does not technically represent Richard Wilbur as Trustee of the Wilbur Trust, upon the SVM attorneys joining Downey Brand and continuing to represent Wilbur Packing, Downey Brand attorneys might favor Wilbur family interests over TRLIA. While I do not believe that this result would occur, such a result is at least theoretically possible. Different attorneys will represent TRLIA and Wilbur Packing. Specifically, the Downey attorneys who perform work for TRLIA as to the possible eminent domain issues include Scott McElhern, Scott Shapiro, Max Steinheimer, Andrea Clark, Kelly Pope, Joe Schofield and Luke Steidlmayer, none of whom has worked for Wilbur Packing. Wilbur Packing will be represented by Dale Stern and John McCarron, who have not worked for TRLIA on any matter in the past. Downey’s representation of Wilbur Packing as described in this letter and of TRLIA with respect to eminent domain matters should not lessen this law firm’s advocacy of either client in the matters where the firm represents each of them. Nonetheless, it is important to disclose the possibility of these conflicts to you. In addition, since the representations of the two clients is unrelated, the firm should not acquire from either client confidential information that in theory could be put at risk.

Next, the issue of confidentiality requires further discussion. Attorneys have a duty to guard client confidences and secrets at every peril to themselves, and also to keep their clients reasonably informed about significant developments relating to their clients’ representation. At times those two duties can be in tension, because, for example, if we were aware of confidential information of one client that would be significant to representation of another client, we would not be able to reveal the confidences even though they were significant. We do not see this possibility as an issue here, however, because we do not and will not represent Richard Wilbur as Trustee of the Wilbur Trust, only Wilbur Packing. We should not learn any confidential information of Wilbur Packing that would be significant to our representation of TRLIA in the litigation against Richard Wilbur as Trustee of the Wilbur Trust. Likewise, we should not learn any confidential information of TRLIA that would be significant to our representation of Wilbur Packing. As a result, we should not obtain confidential information from either client that we
would have an obligation to disclose to the other client. Nonetheless, we want you to be aware of our conclusions in this regard.

We also note that in theory there could be other adverse consequences to TRLIA from this representation that we cannot now foresee.

**Independent Counsel**

TRLIA may, if it wishes, consult independent counsel not from this law firm regarding the consent requested in this letter.

**Consent**

If TRLIA agrees to consent as requested in this letter, please so signify by signing and dating this letter below and returning a copy of this letter to me both by facsimile or email and by first class mail.

Please do not hesitate to call me if you have any questions or comments regarding the above issues.

Very truly yours,

DOWNNEY BRAND LLP

Scott D. McElhern

SDM:dc

**AGREE AND ACCEPTED:**

I have read the foregoing letter concerning the request for consent to simultaneous representation by Downey Brand LLP of Three Rivers Levee Improvement Authority and Wilbur Packing, as discussed in the letter. I am authorized to consent to such representation on behalf of Three Rivers Levee Improvement Authority and, after having the opportunity to consult with independent counsel, Three Rivers Levee Improvement Authority hereby so consents.

Dated: May 29, 2012

Paul G. Brunner
Executive Director
Three Rivers Levee Improvement Authority
May 24, 2012

VIA E-MAIL AND U.S. MAIL

Mike Inamine
Sutter Butte Flood Control Agency
1227 Bridge Street, Suite C
Yuba City, CA 95991

Re: Representation of Wilbur Packing, Inc. by Downey Brand LLP

Dear Mike:

Effective June 1, 2012, attorneys from the Sacramento law firm of Stern, Van Vleck & McCarron, LLP (“SVM”) will become partners in Downey Brand LLP (“Downey”). We are very excited about this opportunity, which we believe will allow us to provide even better service to our loyal clients than we have traditionally taken great pride in doing.

Unfortunately, in a small number of cases, the addition of the new attorneys to Downey Brand has given rise to certain situations that we need to address. Our representation of Sutter Butte Flood Control Agency (“SBFCA” or “you”) in the matter involving Richard Wilber, as Trustee of the Wilbur Family Trust (“Wilbur Trust”) is such a circumstance.

As you know, Downey represents SBFCA with respect to flood control, general counsel and right of way matters. It is possible that, in connection with the Feather River West Levee Project, SBFCA may need to file an eminent domain lawsuit against the Wilbur Trust. This is because the Wilbur Trust owns property along the levee in the C-1 project area.

SVM has represented Wilbur Packing, Inc. for a number of years with respect to various agricultural industry issues. SVM does not represent the Wilbur Trust, who is the party against whom SBFCA would file the eminent domain action if necessary. Therefore, we do not believe there will be any legal conflict of interest in the firm representing SBFCA against the Wilbur Trust, should that become necessary, after the attorneys from SVM join the firm. Nonetheless, the Wilbur family is involved with both Wilbur Packing and the Wilbur Trust. Therefore, even in the absence of a legal conflict of interest, Downey and SVM decided it would be best to disclose this circumstance to you and request your consent to the firm’s representation of
SBFCA in such a future eminent domain proceeding against the Wilbur Trust while the attorneys formerly with SVM continue to represent Wilbur Packing after they join Downey Brand.

Richard Wilbur is willing to consent to this representation and agrees it would be appropriate to establish an ethical wall to separate the attorneys representing SBFCA in any future litigation with the Wilbur Trust from the attorneys who represent Wilbur Packing. However, Mr. Wilbur also would prefer that such an ethical wall not prevent Wilbur Packing from being able to access other Downey Brand attorneys for other work unrelated to the potential litigation between SBFCA and the Wilbur Trust.

This letter therefore requests that SBFCA consent to the following:

1. Downey Brand would represent SBFCA in any matter adverse to the Wilbur Trust, including any eminent domain litigation.

2. Upon joining Downey Brand, attorneys formerly with SVM would continue to represent Wilbur Packing with respect to various agricultural industry issues.

3. The SBFCA attorneys working on right of way issues relating to the Wilber Trust would be separated from the attorneys who represent Wilbur Packing by an ethical wall. However, this would not prevent other Downey Brand attorneys from working for Wilbur Packing as long as the work was unrelated to SBFCA. The ethical wall will ensure that the attorneys separated by the ethical wall do not communicate with one another regarding the adverse representations, even though they are unrelated. A memorandum establishing and describing this ethical wall be circulated to all personnel at the firm, and will be re-circulated periodically thereafter to remind all personnel of the existence of and importance of observing the ethical wall.

SBM will request Wilbur Packing and the Wilbur Trust to provide the same consent.

In consenting as requested, SBFCA, Wilbur Packing, and the Wilbur Trust would be consenting not to raise any conflict of interest posed by the representations described in this letter, assuming any existed and they had the ability to raise such conflicts of interest. This would mean that SBFCA, Wilbur Packing, and the Wilbur Trust could not seek to disqualify Downey Brand from representing any of the other clients in the representations described in this letter.

Although we do not believe an actual legal conflict of interest exists, in the interest of full disclosure, we disclose below the foreseeable adverse consequences of the representations under the circumstances described in this letter so that you may consider them in deciding whether to provide the requested consent.
Disclosure

The first adverse consequence is discussed above. By consenting as requested, SBFCA would forego the ability to raise the conflict of interest described above and to seek disqualification of Downey Brand from representing Wilbur Packing based on the conflict of interest.

The next adverse consequence concerns an attorney’s duty of loyalty. The law governing legal ethics prohibits Downey from representing one current client adversely to another current client or clients, absent each client’s written consent after disclosure of the conflict and its actual and reasonably foreseeable adverse consequences. This is the case even if the representations are not related, as would be the case in the matters discussed above.

In this case, we will not be representing one current client against another, since SVM does not represent the Wilbur Trust. Nonetheless, SVM works closely with Richard Wilbur in representing Wilbur Packing. This might cause SBFCA to be concerned that even though Downey Brand does not technically represent Richard Wilbur as Trustee of the Wilbur Family Trust, upon the SVM attorneys joining Downey Brand and continuing to represent Wilbur Packing, Downey Brand attorneys might favor Wilbur family interests over SBFCA. While I do not believe that this result would occur, such a result is at least theoretically possible. Different attorneys will represent SBFCA and Wilbur Packing. Wilbur Packing will be represented by Dale Stern and John McCarron, who have not worked for SBFCA on any matter in the past. Downey’s representation of Wilbur Packing and SBFCA should not lessen this law firm’s advocacy of either client in the matters where the firm represents each of them. Nonetheless, it is important to disclose the possibility of these conflicts to you. In addition, since the representations of the two clients is unrelated, the firm should not acquire from either client confidential information that in theory could be put at risk.

Next, the issue of confidentiality requires further discussion. Attorneys have a duty to guard client confidences and secrets at every peril to themselves, and also to keep their clients reasonably informed about significant developments relating to their clients’ representation. At times those two duties can be in tension, because, for example, if we were aware of confidential information of one client that would be significant to representation of another client, we would not be able to reveal the confidences even though they were significant. We do not see this possibility as an issue here, however, because we do not and will not represent the Wilbur Trust, only Wilbur Packing. We should not learn any confidential information of Wilbur Packing that would be significant to our representation of SBFCA in any future litigation against the Wilbur Trust. Likewise, we should not learn any confidential information of SBFCA that would be significant to our representation of Wilbur Packing. As a result, we should not obtain confidential information from either client that we would have an obligation to disclose to the other client. Nonetheless, we want you to be aware of our conclusions in this regard.

We also note that in theory there could be other adverse consequences to SBFCA from this representation that we cannot now foresee.
Independent Counsel

SBFCA may, if it wishes, consult independent counsel not from this law firm regarding the consent requested in this letter.

Consent

If SBFCA agrees to consent as requested in this letter, please so signify by signing and dating this letter below and returning a copy of this letter to me by email and first class mail.

Please do not hesitate to call me if you have any questions or comments regarding the above issues.

Very truly yours,

DOWNEY BRAND LLP

Scott D. McElhern

SDM:dc

AGREED AND ACCEPTED:

I have read the foregoing letter concerning the request for consent to simultaneous representation by Downey Brand LLP of the Sutter Butte Flood Control Agency and Wilbur Packing, as discussed in the letter. I am authorized to consent to such representation on behalf of Sutter Butte Flood Control Agency and, after having the opportunity to consult with independent counsel, Sutter Butte Flood Control Agency hereby so consents.

Dated: June 1, 2012

Mike Inamine
Interim Executive Director
Sutter Butte Flood Control Agency
June 19, 2012

TO: Three Rivers Levee Improvement Authority
    Board of Directors

FROM: Paul Brunner, Executive Director

SUBJECT: Goldfields High Ground Evaluation Status, May 2012

A progress report of the various steps of the Three Rivers Levee Improvement Authority (TRLIA) work in the Goldfields is provided in the following sections of this document. Updates to this report are indicated with italics and underline.

**STATUS OF ANALYSIS EFFORTS:**

**Geotechnical**

ENGEIO as TRLIA’s consultant has been collecting and examining historical information on dredging operations in the Goldfields. ENGEIO has coordinated with the aggregate companies to obtain as much existing geotechnical exploration information as possible. ENGEIO has evaluated the existing geotechnical exploration information and determined that the initial additional exploration plan of 9 test pits is adequate for now. Additional explorations may be proposed in the future closer to potential projects. The Goldfields Board of Senior Consultants (BOSC), which met on February 23, concurred with this approach. USACE provided a right of entry for the final 4 test pits which were dug in April. Additional explorations have been proposed at Site J and Crossing 21. These explorations would assist ENGEIO in performing evaluations at these sites of concern for the 100-year flood and would assist in the 100-year certification.

An initial high ground (as opposed to a levee) definition for the dredge tailing mounds in the Goldfields has been proposed. Final details of the definition have been developed and are undergoing internal review. The Team expects to take this definition to the BOSC for their review in July.

ENGEIO has completed developing breach geometry for the breach sites in the South Training Wall to be used in the final determination of flood elevations in the Goldfields.

ENGEIO is working with topography in the Goldfields and initial 100-year flood elevations to begin identification of potential weak points in the Goldfields. ENGEIO has formulated an initial array of alignments through the Goldfields which could serve as high ground. These alignments are being evaluated to determine which would best serve providing 100-year protection quickly and ultimately 200-year protection. Evaluation criteria includes amount of material required to implement, impacts to mining plans, right of way requirements, and environmental impacts. TRLIA met with Western Aggregates on April 30 to discuss alternatives. Western Aggregates provided new information on expanding their operations and feedback on which alternatives for 100-year protection they could best assist TRLIA. Focus has been shifted to identifying the 100-
year solution that has the best chance of being implemented in 2012. This solution may not completely rely on high ground but will be capable of providing protection from the 100-year flood for the next 10 years while the final 200-year solution is implemented.

**TRLA met again with Western Aggregates on May 14 and with Cal Sierra on May 17. These meetings continue to increase knowledge of the future plans of these two mining interests and to guide our development of solution alternatives. The Team has focused on an alignment in the western Goldfields which could protect from a breach at Site B and an alignment in the southern Goldfields to protect from a breach at Site J. Additional hydraulic and environmental evaluations of these alignments are underway.**

**Hydraulic**
MBK as TRLA’s consultant has developed hydraulic models of the Goldfields to be used in determining water surface elevations in the Goldfields for identifying potential weak points. These models have completed an independent technical review and no significant comments were received. **MBK is revising documentation regarding the hydraulic models to address review comments.** MBK has supplied ENGEO preliminary 100-year water surface elevations in the Goldfields for the initial screening of weak locations. MBK will perform additional hydraulic analyses to provide hydraulic parameters for use in the geomorphic and geotechnical evaluations. Geotechnical weak point identification may require the expansion of hydraulic models if new conveyance corridors are identified due to breaks in the conveying mound banks.

Repair alternatives will be hydraulically evaluated to ensure that they are effective in providing flood protection. **MBK continues evaluating the hydraulic impacts of blocking certain flow channels as required by the alternatives.**

MBK performed an analysis at Site J and determined that even with a breach during the 100-year flood, only a small volume of flood waters would flow over the secondary mound behind Site J if the mound did not erode. **ENGEO has determined that there is a potential for significant erosion of the secondary mound. With this erosion the secondary mound cannot protect against a 100-year event. The Team is investigating a backup alignment south of Site J on private lands. This alignment would require modification of some YCWA irrigation facilities.**

**Geomorphic**
CBEC as TRLA’s consultant is conducting an historic literature review to summarize previous relevant report and papers for geomorphic research on the Lower Yuba River. CBEC will provide comment on the relevance of the collected information with respect to the erodibility of the South Training Wall. CBEC is collecting, inspecting, and cataloging historic aerial photographs in order to map meander patterns to assist in identifying locations where the river is likely to continue to erode or begin erosion of the training wall.

CBEC has installed staff gages along the Yuba River and within the Goldfields to gather information this winter that can be used to determine the Goldfields interior water elevation response to high stages in the Yuba River. An additional interior gage was installed at the west end of the Goldfields and closer to the Training Wall as suggested by the BOSC. One high water event did occur in March which provided data to be used in evaluating the Goldfields interior response to high stages in the Yuba River. **An additional high water event in April has added to this information.**

Information on the material composition of the training wall at eroding sites will be gathered and used to estimate a rate of erosion. **CBEC is also using historic erosion at these eroding sites along with an estimate of work expended by the river during the time the erosion occurred to**
**Historic Research**

**Review of identified historical reports and records continues** to determine past Federal and State actions and responsibilities in the Goldfields related to construction and maintenance of the debris control facilities. **These reports and records are under examination for pertinent information with respect to the river control features constructed in the past.** The intent of the research is to define and clarify the purpose of these facilities, identify responsibilities that the State and Federal government may have to maintain these facilities and the relationship of these facilities to the Sacramento River Flood Control Project, also known as the State Plan of Flood Control. TRLIA recently obtained electronic copies of many historic documents from Western Aggregates which may provide background on agreements between the Reclamation Board and mining interests for the removal of the Linda Levee in the Goldfields. **Research of these documents continues to determine if the mining interests assumed certain responsibilities in return for approval to remove the Linda Levee.**

**Right of Way (ROW)**

USACE owns large parts of the Goldfields even though the aggregate and dredging companies have the mineral rights on those lands. Four of the test pits are located on USACE owned lands and TRLIA must obtain a right of entry to do these test pits. Obtaining approval for the right of entry is an involved process. TRLIA met with USACE on January 31 to investigate the test pit locations and obtain geotechnical clearance. ENGEO coordinated with the mining companies and excavated the test pits that are not on USACE lands in early February 2012. USACE provided a right of entry for the test pits on USACE land on April 17, 2012. As repair alternatives are identified, ROW efforts will be necessary to obtain adequate rights to implement these alternatives. **USACE has an easement over a large portion of the western Goldfields, TRLIA has requested that USACE provide details of this easement, TRLIA is also investigating requirements for using land owned by others in the Goldfields.**

**Environmental**

Environmental consultation **continues to be** minimal at the beginning of the analysis. AECOM has accomplished a field survey for one of the 100-year alternatives. This survey will help in determining environmental impacts of the alternative as well as identifying what actions are necessary to obtain any necessary permits and to mitigate for any impacts.

AECOM also performed an environmental survey at the secondary mound behind Site J to determine environmental constraints at that location. **AECOM is performing a field survey of the 100-year alternative alignment in the west end of the Goldfields.**
FINANCIAL IMPLICATIONS:

TRLIA has incurred costs associated with this work (including both design and construction expenses) in advance of a new or modified funding agreement covering the costs of this work by the State. Currently TRLIA EIP funding agreements do not provide funding for this work and TRLIA is paying for this work with local prior levee funding resources. The Department of Water Resources has identified some remaining Proposition 13 Funds that can only be used in the Yuba and Feather River Watersheds. TRLIA has made application for a grant from this program. DWR announced on April 2, 2012 that the Decision Memorandum to use Proposition 13 funds for the Goldfields work was approved. This is very good news in that the State will now be cost sharing in this effort. TRLIA continues to work out the final details of the funding agreement with the State for the Goldfields analysis. The State will provide as much as $2,000,000 towards the Feasibility Study of the Goldfields alternatives.
(through April 30, 2012) the revenues from tax collections and interest deposited into Fund No. 818 (net of County related expenses) were $805,097.34.

It is anticipated that the TRLIA Board will approve the FY12/13 collection of Levee O&M assessments at the June 19, 2012 TRLIA Board meeting. The base amount of assessments with no escalation is $848,966.95. Escalation of this amount is based upon increases in the Consumer Price Index is subject to board discretion and approval.

- **Levee Impact Fees – Fund No. 803:**
  Pursuant to Yuba County Ordinance No. 1465 adopted on November 18, 2008 (effective January 17, 2009) Yuba County collects Levee Impact Fees from building permits to help pay for the local share of costs of levee improvements being made by TRLIA. Fee revenue collected by the County is used to service and retire the bonds issued by YLFA. TRLIA no longer receives any revenue from this fund to pay project expenses. As noted below, TRLIA does, however, collect special taxes into funds 810 and 811 and those special taxes that are collected for the purpose of advance funding fees are deposited into this account. In the future, TRLIA will work with the County to update the levee impact fee nexus study to reflect the costs of the improvement program, the associated financing costs incurred by the County & YLFA, as well as any updated development projections in the benefit area.

- **TRLIA Community Facility Districts (CFD) – Fund No.’s 810 and 811:**
  TRLIA collects revenues from two CFD’s that were created in April 2007 by the landowners that were developing property in the area benefited by the TRLIA levee improvement program. The CFD’s are called “TRLIA CFD 2006-1 (South County Area)” (Fund No. 810); and “TRLIA CFD 2006-2 (South County Overlay District)” (Fund No. 811). The special taxes levied by these CFD’s provide funding to the landowners developing the property in order to pay the Levee Impact Fee obligations imposed by County Ordinance No. 1465. TRLIA has issued CFD’s Bonds and the special taxes collected by the CFD’s are either being used to fund remaining fee obligations of the developers or redeem outstanding bonds. Funds collected to pay remaining fee obligations are transferred to the Levee Impact Fee Fund (803) as noted above.

Through April, 30 2012, for FY11/12 the CFD’s levied:
- **2006-1:** $412,974.90, and collected $405,110.88 (net of Auditor Controller Expenses). A portion of this collection will be used to pay TRLIA administrative expenses, the remaining funds will be used to advance levee fees and retire outstanding bond debt.
- **2006-2:** $86,800.86, and collected $72,142.94 (net of Auditor Controller Expenses). A portion will be used to pay TRLIA administrative expenses, the remaining funds will be used to advance levee fees and retire outstanding bond debt.

Revenues for the fiscal year 2012/13 will be known when the CFD administrative work is completed in July in time for the August 10th submission of the tax rolls to the Auditor Controller.

**Other TRLIA Budget Items of Note:**

- **Environmental Escrow Accounts:**