



THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

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September 15, 2008

Mr. Eric Koch
Chief, Division of Flood Management
Department of Water Resources
PO Box 942836
Sacramento, CA 94236-0001

Re: Revised TRLIA Financial Report for 1st Quarter

Reference:

- a. TRLIA letter dated August 21, 2008, subject: TRLIA Financial Report for 1st Quarter
- b. TRLIA letter dated August 15, 2008, subject: TRLIA 1st Quarterly Progress Report (QPR)
- c. TRLIA letter dated July 9, 2008, subject: TRLIA Supplement to Interim Progress Report (1st Quarter)
- d. TRLIA e-mail to Eric Koch dated June 13, 2008, subject: TRLIA EIP Interim Progress Report.
- e. TRLIA e-mail to Terry Thompson dated April 29, 2008, subject: Final 1st Quarterly Work Plan – TRLIA Feather River Project
- f. TRLIA letter dated April 4, 2008, subject: TRLIA 1st Quarterly Work Plan

Mr. Eric Koch:

Attached is an updated financial report for the time period of April 26, 2008 thru June 30, 2008. This revised report summarizes the work completed in the 1st quarter and compares the work to the work that was forecasted by the 1st Quarterly Work Plan (reference c); dated April 29, 2008 to what actually occurred and makes budget adjustments to the Overall Work Plan (Exhibit A) as necessary.

Also attached are listings of the invoices that were paid for the work done in the 1st Quarter (4-25-08 thru 6-30-08). Copies of the actual invoices are available at the TRLIA FTP site in the Invoice folder/Invoices for 1st Financial Report subfolder.

Based upon the information in the revised financial report (attachment 1), the State should have deducted \$5,851,825 from the Second Quarterly Advance (Advance Invoice #2) per the procedures outlined in Section 14.C of Agreement. On July 15, 2008, the State made a preliminary determination, based upon cost information received as of that date, that TRLIA should have \$7,256,372 deducted from its Second Quarterly Advanced. The result is that \$1,404,543 was deducted in excess of the amounts calculated in the following tables. Request this amount be paid to TRLIA.

The attached documents show that TRLIA has maintained the Total, Local, and State Share Budgets within the Overall Work Plan Budget. They also indicate that the following budget adjustments to the overall work plan need to be made. We request your concurrence with these proposed budget adjustments.

Element 2 Feature 1.2 –Permitting

TRLIA proposes to increase this feature's total budget by \$500,000 (\$414,123 State Share and \$85,877 Local Share) by decreasing the Element 1 Feature 1 budgets proportionately. This adjustment will cure the over budget expenses and provide additional budget to assist in the certification of the improvements.

Element 5 Feature 1.3 –Right of Way Support

TRLIA proposes to increase the Total and State Share of this feature's budget by \$76,000 by decreasing the Element 1 Feature 1 budgets proportionately. This adjustment will provide additional State Share budget to all future expenses in this feature to be cost shared with the State.

Element 5 Feature 3 –Construction

TRLIA proposes to increase this feature's total budget by \$453,450 (\$317,450 State Share and \$136,035 Local Share) by decreasing the Element 1 Feature 1 budgets proportionately. This adjustment will provide the additional budget required for the change orders requested.

Element 7 All Features

TRLIA proposes to increase the Total (State Share and Local share) budget of the entire element by \$1,000,000 (\$763,198 State Share and \$236,802 Local Share) by further reducing the Element 1 Feature 1 budgets proportionately. This adjustment will provide additional budget for Element 7 which is required to support the overall project. The consultant and legal budgets accordingly will be increased to cure the over budget status of these features.

Please feel free to contact me, if you have questions or comments. My phone numbers are: (530) 749-5679 (office), and (916)765-4981 (cell).

Sincerely,



Paul G. Brunner, P.E.
Executive Director

Attachments:

1. Revised 1st Quarter Financial Report dated September 15, 2008 (prepared by EPS)
2. Revised TRLIA Q1 Statement of Costs dated September 15, 2008

cc: Len Marino/DWR
Darryl Brown/DWR
Seth Wurzel/Ric Reinhardt/Tom Engler/Andrea Armstrong