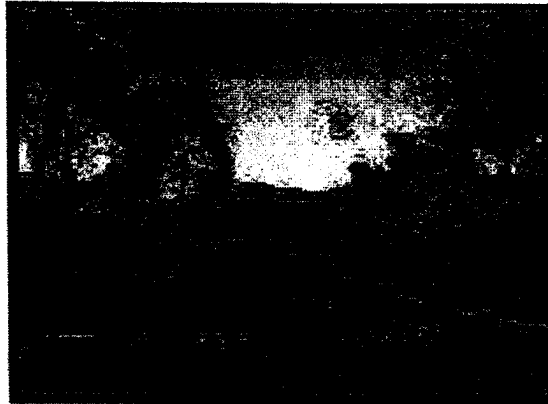


**THREE RIVERS LEVEE
IMPROVEMENT
AUTHORITY**

**2006/07
Proposed Budget**



Paul G. Brunner, P.E.

Dean Sellers, Auditor-Controller

**Proposed Three Rivers Levee Improvement Authority
(TRLIA) FY 2006/2007 Budget
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June 27, 2006

To: Three Rivers Improvement Authority

From: Paul G. Brunner, P.E., Executive Director

PGB

Re: Proposed Budget for Fiscal Year 2006-07

Contained in this document is the proposed Three Rivers Levee Improvement Authority (TRLIA) Fiscal Year Budget for 2006-07. Outlined in this budget is an exciting and ambitious capital improvement program to enhance flood protection for Yuba County residents that reside in the South Yuba County area where significant development interest has spurred residential and commercial construction in the Plumas Lake Specific Plan Area, North Arboga Study Area, and the East Linda Specific Plan area. The TRLIA Plan, which began in 2004, is to 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 by the end of the 2008 construction season. To achieve this ambitious completion date the County of Yuba, Reclamation District 784 formed the TRLIA, which is a joint powers authority, and then commissioned TRLIA to partner with the local land owners to develop and implement innovative financing plans combining government and private sector funding to allow rapid levee improvements that would usually take 15-plus years to accomplish. The proposed budget also includes the cost of the TRLIA management team and associated support costs (e.g. office space, etc.), see chart on page 4. Also, included in this budget is an estimate for TRLIA to temporarily provide support to Reclamation District 784 to maintain the levees in the South Yuba area until the TRLIA project is complete. In its entirety, the proposed cost to complete this project is in excess of \$250 million.

There are four phases to this capital improvement program. The map on page 5 depicts the four phases. The most critical flood control projects were prioritized and are planned to be done first in order to rapidly reduce the risk of flooding to residents as quickly as possible. Phase 1 was the work along the Yuba River along the site of the 1986 levee break was completed in 2004. Phases 2 and 3 were the focus of the 2005 and 2006 construction seasons and improved the levees along the Western Pacific Interceptor Canal, Bear River, and a small portion of the Yuba River. Phase 4 addresses the levee work that is needed along the Feather River and a portion of the Yuba River. The Yuba River work is anticipated to occur during the 2006 construction season, and Feather River levee work will be done over a two year period (2007 thru 2008).

Last year the funding for this project came from a combination of local developer's payments and state monies originating from the State Water Bond Act of 2000. Also, a Federal Emergency Management Grant (FEMA) of \$1.5 million was obtained. Developers provided payments of upfront capital which allowed the phase 2, and 3 capital projects to begin. The developers payments came in two forms: cash discount payments made on a per acre basis when the County of Yuba records a final map; and, and advance funding charge for those developers that have

building permits allocated as a result of the agreement with the California Reclamation Board to allow limited building permits during 2005, and 2006. Developer funding through these efforts amounted to \$36.9 million, which \$35.4 million were used in 2005/06; leaving a balance of \$1.5 million for the FY2006/07 budget. TRLIA applied for and was granted \$62.6 million under the State Water bond Act of 2000, commonly known as Proposition 13 for phase 2, and 3, which \$46.9 million is reimbursable. TRLIA also applied for and was granted \$14.2 million from the State Department of Fish Game, which \$11.2 million is reimbursable. In total TRLIA was reimbursed \$19.2 million from the State funds during FY 2005/06, which left a balance of \$38.9 million to be available for reimbursement in 2006/07. To date these reimbursed funds from the State have been reapplied to cover TRLIA project expenses.

The proposed budget for 2006/07 will be funded as last year through a combination Developer and State funds. As this budget is being prepared Yuba County, TRLIA, and the Developers are finalizing the finance plan that will implement the phase 4 funding. This finance agreement provides a commitment of funding up to \$135 million for phase 4, with \$60 million slated for FY2006/07. The County plans to create a Community Facility Development (CFD) district and sell bonds at least in the amount to cover the phase 2, 3, and 4 developer commitment. The only available State funding for this proposed FY2006/07 budget are the Prop. 13 carry over funding from last years budget. TRLIA has requested \$7.7 million dollars from the Department of Fish and Game, but has not yet received this commitment. For planning and budget purposes this \$7.7 million was reflected in the FY07/08 estimated budget (see page 10).

The chart on page 9 shows the anticipated FY2006/07 monthly expenditures and revenues. The expenditures are based on the 5/22/06 TRLIA cash flow sheet and project schedules shown in Appendix A. The monthly revenues are based on: 1) the State reimbursements over the 12 month period; and 2) using the capital call (bond dividends) date, and amounts reflected in the second implementation agreement.

At the end of FY2006/07 there is projected to be a \$39 million carry over. This carry over is necessary for TRLIA to expeditiously cover on going construction bills from major phase 4 new levee construction projects for the Feather River awarded in May/June 2006.

In 2006 TRLIA approached the State Reclamation Board to lift the building permit limitation based on the commitment to do the following six elements. The State Reclamation Board granted the TRLIA request. These commitments were documented in the Second Implementation Agreement in Regard to State Reclamation Board Permit No. 17782 between the County of Yuba and TRLIA on May 23, 2006.

1. A commitment by Three Rivers to use its best efforts to complete the Yuba River levee acceleration work in 2006 and all elements of the program by 2008.
2. A commitment by the Landowners for a comprehensive financing plan to fund the phase 4 program (including phases 2, 3, and 4 construction and condemnation contingencies).
3. Remedies available to the Reclamation Board in the event that the committed funding is not available when needed.
4. A commitment by the Landowners to provide, at no cost to all new residents in the Affected

Area, flood insurance through the completion of Phase 4 or 2010 (whichever occurs first).

5. A commitment by Three Rivers to continue to make reports, as requested, providing updates on the status of the Three Rivers project.

6. A commitment by Yuba County to continue to use reasonable diligence to inform residents within RD 784 of the risk of flooding and to further refine and improve the County's Evacuation Plan and Pre-hazard Mitigation Plan.

During FY2006/07 there will be significant decisions that will be made that could impact this proposed budget. A critical decision that will be made in late CY2006 (perhaps November) is what alternative will be selected for the Feather River. This proposed budget is based on the expected cost of the TRLIA project (phase 4 Strength in Place Alternative). Should the Feather River setback levee be selected as the preferred alternative then this proposed budget may need to be amended to address the potential for increased costs (particularly in land acquisition). The developers have indicated that the \$135 million capital investment reflected in the soon to be in place finance plan is the maximum they can afford; thus any additional funding will need to come from another source (e.g. State). At this time there are several legislative vehicles that could provide this additional funding that TRLIA is advocating for additional funds. TRLIA currently has requested \$50 million from Assembly Bill 142, which if approved would be available in FY 2006/07. This budget would be amended to incorporate the funds obtained from AB 142.

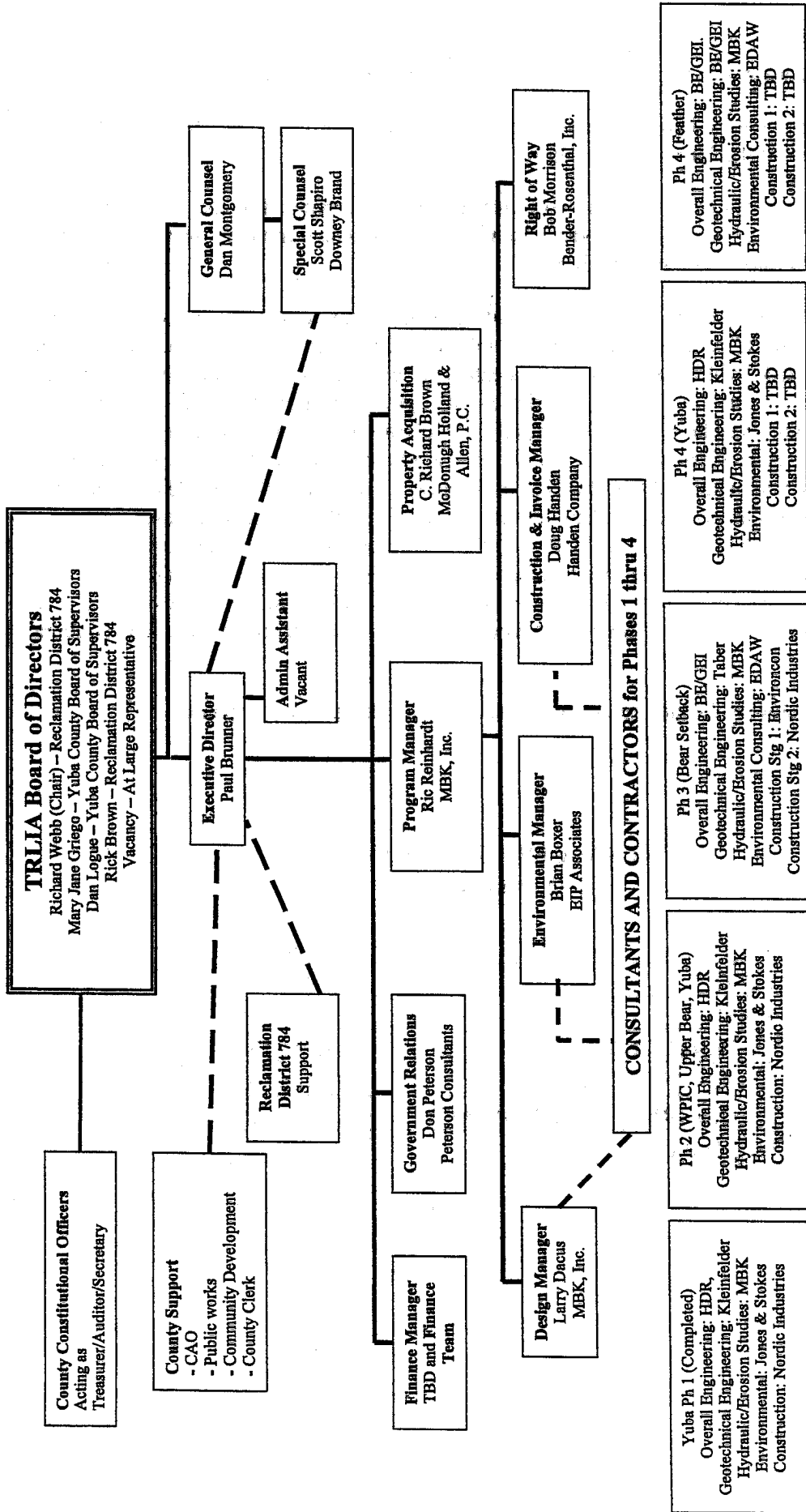
Provided below is the anticipated total cost of the overall project by phase:

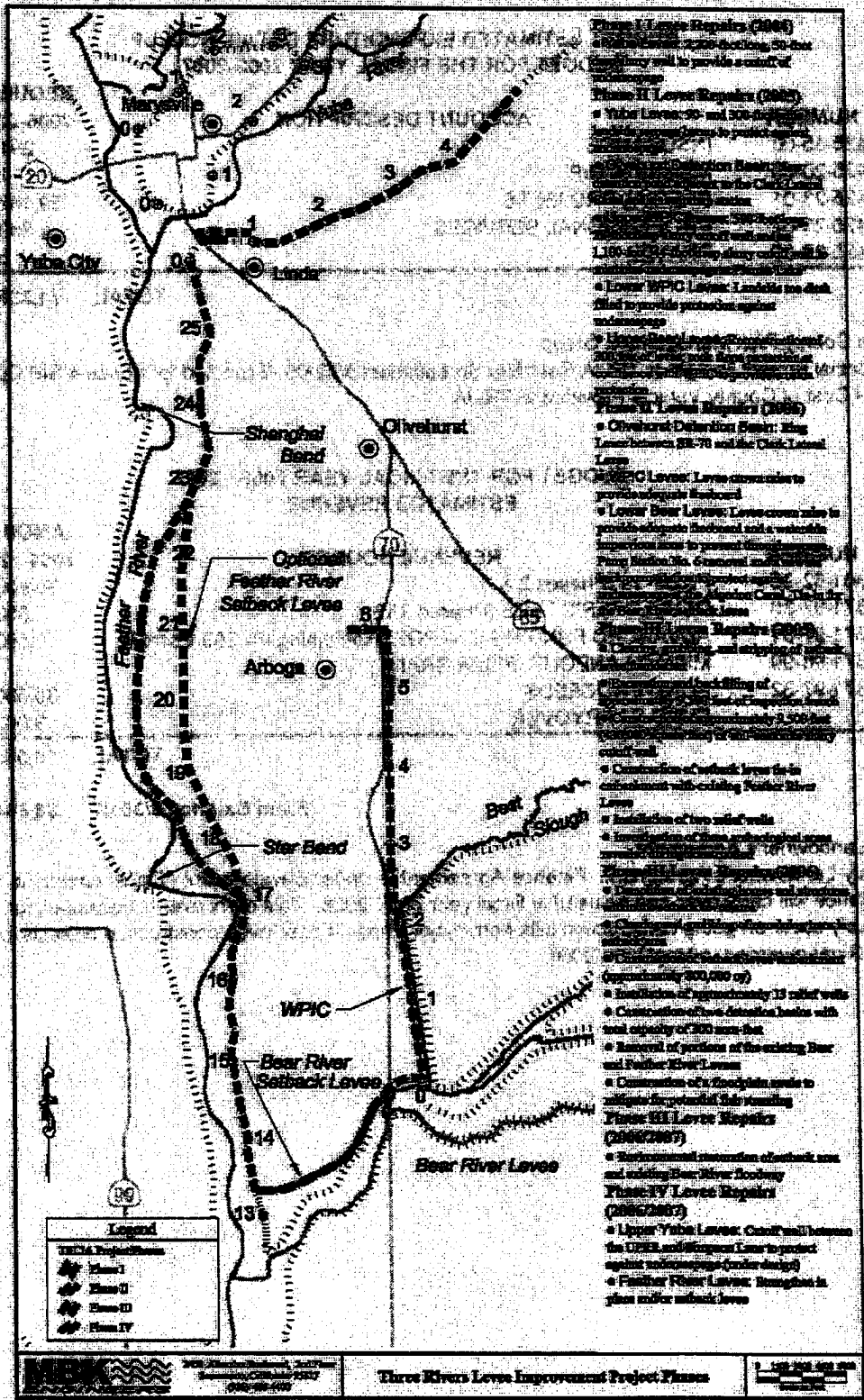
**OVERALL PROJECT COSTS
BY PHASE**

PHASE 1	4,758,341
PHASE 2	29,002,957
PHASE 3	67,259,674
PHASE 4 (YUBA)	28,555,130
PHASE 4 (FEATHER)	121,926,303
OLIVEHURST DETENTION BASIN	8,536,432
INTERIM O&M	2,100,000

TOTAL 262,138,837

Three Rivers Levee Improvement Authority (Joint Powers Authority) Organization Chart





**TRLIA
FISCAL YEAR 2006 - 2007
BUDGET**

**BUDGET ESTIMATED EXPENDITURE DETAIL ROLLUP
BUDGET FOR THE FISCAL YEAR 2006-2007**

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	REQUEST 2006-2007
805-3350-425-15-00	INSURANCE	294,022 1/
805-3350-425-20-00	MEMBERSHIP	1,000
805-3350-425-23-01	SPECIAL PROJECTS	69,182,494 2/
805-3350-425-23-02	PROFESSIONAL SERVICES	1,850,000
805-3350-425-29-00	TRAVEL	8,000 3/
TOTAL		71,335,516

1/ Estimate from County Risk Management Group

2/ Source for Special Project Budget is TRLIA Cashflow Spreadsheet 5/22/06 -Expected for Phase 4 SIP Option

3/ Includes O&M Cost of County Vehicle Provided to TRLIA

**BUDGET FOR THE FISCAL YEAR 2006 - 2007
ESTIMATED REVENUE**

ACCOUNT NUMBER	REVENUE SOURCE	AMOUNT 2006 - 2007
805-0000-361-62-36	PROP 13 (Phases 2 & 3)	38,900,000
805-0000-371-97-30	DEVELOPER'S FEES (Phases 2&3)	600,000
805-0000-371-97-31	ADVANCED FUNDING CHARGE (Remaining Ph 2&3 Escrow)	1,500,000 1/
805-0000-371-98-99	MISCELLANEOUS (FEMA GRANT)	0
805-0000-371-97-32	BOND PROCEEDS	60,000,000 2/
	FUND CARRYOVER	9,000,000
TOTAL		110,000,000

Fund Balance 6/30/07 38,664,484 3/

1/ First County-Landowner's Agreement

2/ Second County-Landowner's Agreement. Finance Agreement is Under Development - Dollar amount is set

3/ The Fund Balance will carry over and be used in fiscal year 2007-2008. This carry over is necessary for TRLIA to expeditiously cover on going construction bills from major Phase 4 new levee construction projects for the Feather River awarded in May/June 2006.

**TRLIA
FISCAL YEAR 2006 - 2007
BUDGET**

SPECIAL PROJECTS DETAIL (#2301)
Jul 06 - Jun 07

PHASE	DESIGN	CONSTRUCTION CONTRACT	CONSTRUCTION MANAGEMENT	R/W 1/ ACQ	ENVIRONMENTAL MITIGATION	TRLIA PROJ 2/ MANAGEMENT	CONTINGENCY	BUDGET AMOUNT
YCWA Reimbursement								867,938
TRLIA Phase 2 Levee Repair Upper Bear, WPIC & Yuba to UPRR	0	13,791,665	1,107,828	750,000	0	499,000	0	16,148,493
TRLIA Phase 3 Levee Repair Bear River Seiback Levee	266,000	11,500,000	1,227,000	3,450,000	3,366,800	425,000	1,880,000	22,114,800
TRLIA Phase 4 Levee Repair Yuba beyond UPRR	319,340	13,999,998	1,120,000	0	500,000	517,000	3,400,000	19,856,338
TRLIA Phase 4 Levee Repair Feather (Strengthen in Place)	4,596,000	0	0	0	702,000	167,000	0	5,465,000
Olivehurst Detention Basin	0	4,118,763	172,162	0	0	149,000	0	4,439,926
Interim O&M								500,000
TOTALS	5,181,340	43,410,426	3,626,990	4,200,000	4,568,800	1,757,000	5,280,000	69,182,494

1/ Based on \$15,000/Ac
2/ TRLIA Consultant Project Management

TRLIA PROJECT MANAGEMENT CONTRACTS

CONTRACTOR	Est 06/07
MBK (Prog Mgmt & Des Mgmt) 1/	690,000
Handen Co. (Construc Mgmt)	144,000
EIP (Environmental Mgmt)	120,000
Downey Brand (Legal Counsel)	420,000
McDonough Holland & Allen (RE Legal Counsel, Rich Brown)	100,000
BRI (RE Mgmt and Acquisition) 2/	0
Peterson Consultants (Government Relations)	100,000
EPS (Financial Consultant)	80,000
TBD (Financial Support)	100,000
TOTAL	1,754,000

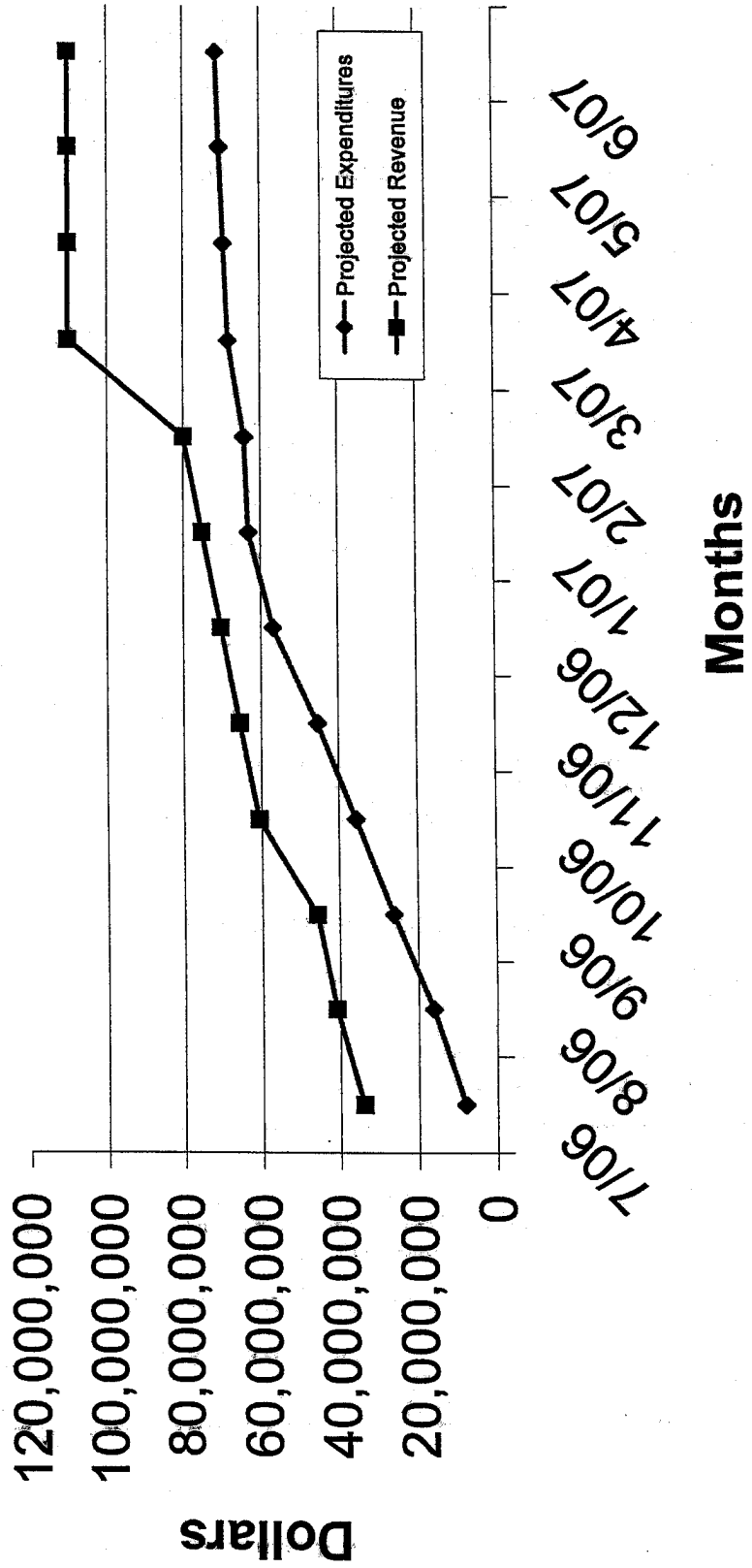
1/ MBK 06/07 includes hydraulic efforts contracted for in Amendment 10 (\$150,000)
2/ BRI Contract costs are included in the ROW acquisition

PROFESSIONAL SERVICES DETAIL (#2302)

DETAIL DESCRIPTION	2006/2007
Public Works Admin Salaries & Benefits	100,000
TRLIA General Expenses (Services, Supplies & Office)	1,332,000
Paul Brunner Salaries & Benefits	148,000
Randy Margo Salaries & Benefits	20,000
Administrative Assistant Salaries & Benefits	80,000
Dan Montgomery Salaries & Benefits	20,000
Tim Snellings Salaries & Benefits	10,000
Donna Stottlemeyer Salaries & Benefits	20,000
Legal Services	100,000
Office of Emergency Services	20,000
TOTAL	1,850,000 1/

1/ this value taken from Expenditure Row 65 of "Expected" worksheet

Estimated Cumulative FY 06/07 Monthly Revenues and Expenditures



**TRLIA
FISCAL YEAR 2006 - 2007
BUDGET**

**FUTURE EXPENDITURE AND REVENUE PROJECTIONS
BASED ON FEATHER SIP OPTION**

BUDGET FOR THE FISCAL YEAR 2007-2008

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	REQUEST 2007-2008
805-3350-425-15-00	INSURANCE	302,843 1/
805-3350-425-20-00	MEMBERSHIP	1,000
805-3350-425-23-01	SPECIAL PROJECTS	61,854,000 2/
805-3350-425-23-02	PROFESSIONAL SERVICES	1,700,000
805-3350-425-29-00	TRAVEL	8,000 3/
TOTAL		63,865,843

- 1/ Estimate from County Risk Management Group with 3% inflation per year.
 2/ Source for Special Project Budget is TRLIA Cashflow Spreadsheet 5/22/06 -Expected for Phase 4 SIP Option
 3/ Includes O&M Cost of County Vehicle Provided to TRLIA

FUTURE ESTIMATED REVENUE

ACCOUNT NUMBER	REVENUE SOURCE	AMOUNT 2007 - 2008
805-0000-371-97-32	BOND PROCEEDS	75,000,000 1/
	PROP 13 (DFG)	7,700,000
	FUND CARRYOVER	38,664,484 2/
TOTAL		121,364,484

Fund Balance 6/30/08 57,498,641 3/

- 1/ Second County-Landowner's Agreement. Finance Agreement is Under Development - Dollar amount is set
 2/ Anticipate DFG Acceptance of TRLIA 2006 Request
 3/ The Fund Balance will carry over and be used in fiscal year 2008-2009

BUDGET FOR THE FISCAL YEAR 2008-2009

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	REQUEST 2008-2009
805-3350-425-15-00	INSURANCE	311,928 1/
805-3350-425-20-00	MEMBERSHIP	1,000
805-3350-425-23-01	SPECIAL PROJECTS	45,829,000 2/
805-3350-425-23-02	PROFESSIONAL SERVICES	1,160,000
805-3350-425-29-00	TRAVEL	8,000 3/
TOTAL		47,309,928

- 1/ Estimate from County Risk Management Group with 3% inflation per year.
 2/ Source for Special Project Budget is TRLIA Cashflow Spreadsheet 5/22/06 -Expected for Phase 4 SIP Option
 3/ Includes O&M Cost of County Vehicle Provided to TRLIA

FUTURE ESTIMATED REVENUE

ACCOUNT NUMBER	REVENUE SOURCE	AMOUNT 2008 - 2009
805-0000-371-97-32	BOND PROCEEDS	0 1/
	FUND CARRYOVER	57,498,641
TOTAL		57,498,641

Fund Balance 6/30/09 10,188,713

- 1/ Second County-Landowner's Agreement. Finance Agreement is Under Development - Dollar amount is set

2007/2008 & 2008/2009 Special Projects Detail (#2301)

SPECIAL PROJECTS DETAIL (#2301)
Jul 07 - Jun 08

PHASE	DESIGN	CONSTRUCTION CONTRACT	CONSTRUCTION MANAGEMENT	R/W 1/ ACQ	ENVIRONMENTAL MITIGATION	TRLIA PROJ 2/ MANAGEMENT	CONTINGENCY	BUDGET AMOUNT
YGWA Reimbursement								0
TRLIA Phase 2 Levee Repair								0
Upper Bear, WPIC & Yuba to UPRR	0	0	0	0	0	0	0	0
TRLIA Phase 3 Levee Repair								0
Bear River Seiback Levee	0	0	0	0	1,002,000	0	0	1,002,000
TRLIA Phase 4 Levee Repair								0
Yuba beyond UPRR	147,000	2,000,000	160,000	0	0	78,000	1,000,000	3,385,000
TRLIA Phase 4 Levee Repair								0
Feather (Strengthen in Place)	2,298,000	39,230,000	3,138,000	650,000	1,545,000	1,506,000	8,400,000	56,787,000
Olivehurst Detention Basin	0	0	0	0	0	0	0	0
Interim O&M								700,000
TOTALS	2,445,000	41,230,000	3,298,000	650,000	2,547,000	1,584,000	9,400,000	61,854,000

1/ Based on \$15,000/Ac
2/ TRILIA Consultants

SPECIAL PROJECTS DETAIL (#2301)
Jul 08 - Jan 09

PHASE	DESIGN	CONSTRUCTION CONTRACT	CONSTRUCTION MANAGEMENT	R/W ACQ	ENVIRONMENTAL MITIGATION	TRLIA PROJ 1/ MANAGEMENT	CONTINGENCY	BUDGET AMOUNT
YGWA Reimbursement								0
TRLIA Phase 2 Levee Repair								0
Upper Bear, WPIC & Yuba to UPRR	0	0	0	0	0	0	0	0
TRLIA Phase 3 Levee Repair								0
Bear River Seiback Levee	0	0	0	0	902,000	260,000	0	1,162,000
TRLIA Phase 4 Levee Repair								0
Yuba beyond UPRR	0	0	0	0	0	0	0	0
TRLIA Phase 4 Levee Repair								0
Feather (Strengthen in Place)	0	33,252,000	2,661,000	0	0	684,000	7,200,000	43,777,000
Olivehurst Detention Basin	0	0	0	0	0	0	0	0
Interim O&M								900,000
TOTALS	0	33,252,000	2,661,000	0	902,000	914,000	7,200,000	46,629,000

1/ TRILIA Consultants

2007/2008 & 2008/2009 PROFESSIONAL SERVICES DETAIL (#2302)

DETAIL DESCRIPTION	2007/2008
Public Works Admin Salaries & Benefits	105,000
TRLIA General Expenses (Services, Supplies & Office)	1,156,100
Paul Brunner Salaries & Benefits	155,400
Randy Margo Salaries & Benefits	21,000
Administrative Assistant Salaries & Benefits	84,000
Dan Montgomery Salaries & Benefits	21,000
Tim Snellings Salaries & Benefits	10,500
Donna Stottlemeyer Salaries & Benefits	21,000
Legal Services	105,000
Office of Emergency Services	21,000
TOTAL	1,700,000 1/

1/ this value taken from Expenditure Row 65 of "Expected" worksheet

DETAIL DESCRIPTION	2008/2009
Public Works Admin Salaries & Benefits	55,100
TRLIA General Expenses (Services, Supplies & Office)	793,000
Paul Brunner Salaries & Benefits	163,200
Randy Margo Salaries & Benefits	11,000
Administrative Assistant Salaries & Benefits	44,100
Dan Montgomery Salaries & Benefits	11,000
Tim Snellings Salaries & Benefits	5,500
Donna Stottlemeyer Salaries & Benefits	11,000
Legal Services	55,100
Office of Emergency Services	11,000
TOTAL	1,160,000 1/

1/ this value taken from Expenditure Row 65 of "Expected" worksheet

Appendix A

Three Rivers Levee Improvement Project Construction Schedule June 22, 2006

ID	Task Name	Duration	Start	Finish	2005		2006		2007		2008	
					H1	H2	H1	H2	H1	H2	H1	H2
1	Phase 1	38 days	Wed 9/8/04	Fri 10/29/04								
2	Phase 2	304 days	Thu 9/1/05	Tue 10/31/06								
3	Phase 3	304 days	Thu 9/1/05	Tue 10/31/06								
4	Phase 4 Yuba (Contract 1)	76 days	Tue 7/18/06	Tue 10/31/06								
5	Phase 4 Yuba (Contract 2)	141 days	Tue 5/1/07	Tue 11/13/07								
6	Phase 4 Feather (Contract 1)	142 days	Tue 5/1/07	Wed 11/14/07								
7	Phase 4 Feather (Contract 2)	169 days	Tue 3/11/08	Fri 10/31/08								

Project: TRLIA Schedule
Date: Thu 6/22/06

<p>Task</p> <p>Split</p> <p>Progress</p>	<p>Milestone</p> <p>Summary</p> <p>Project Summary</p>	<p>External Tasks</p> <p>External Milestone</p> <p>Deadline</p>
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