

REVISED MEMORANDUM

To: Paul Brunner, *Executive Director, Three Rivers Levee Improvement Authority*

From: Seth Wurzel

Subject: Revised TRLIA Feather River Levee Improvement Project First Quarterly Progress Report Budget Information; EPS #16497-6

Date: September 15, 2008

This memorandum is a revision to the August 21, 2008 Memorandum regarding TRLIA's First Quarterly Progress Report Budget Information. The cost information has been revised to correct for errata in the actual costs incurred by TRLIA for the project after review by DWR staff. This memorandum has been prepared by Economic & Planning Systems (EPS) at the request of Three Rivers Levee Improvement Authority to supplement their First Quarterly Progress Report (QPR) submitted to the State of California 2008 for the Feather River Levee Improvement Project. Per Section 6 of TRLIA's First QPR, the required cost and budget information will be provided under separate cover to the Department of Water Resources (DWR) as supplement to the QPR.

This memorandum includes two sets of tables that present the following two analyses:

1. **Quarterly Work Plan Reconciliation** - A reconciliation of the First Quarterly Work Plan Budget to actual expenses incurred and the associated advance of the State Share provided through Advance Invoice #1 pursuant to Section 14.C of the Funding Agreement.
2. **Cost and Funding Status Through the First Quarter** - A summary of the total costs incurred since November 6, 2006 through June 30, 2008 and a comparison of those costs incurred to the Overall Work Plan Budget provided as Exhibit A to the State Funding Agreement.

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#1 - QUARTERLY WORK PLAN RECONCILIATION

The following tables provide detailed information regarding the costs incurred for each Element and Feature during the 1st Quarter (effective date of the agreement through June 30, 2008). The tables show the State Share of eligible expenses net of the required 10% withholding of the State Share and compares this amount to the funding received by TRLIA from the State through the 1st Quarter. Real Estate costs (Element 1) and funding are shown separately from the costs and funding for Elements 2 through 7.

The following presents a summary of the conclusions of these tables:

Reconciliation Summary (Elements 2 through 7)

Total State Share of Expenses Incurred During 1st Quarter	\$5,287,677
10% Required Retention	-\$528,768
State Share Net of Retention	\$4,758,910
Funding Received for State Share (through Advance & Credit)	\$10,610,739
Difference equals Balance of State Funding Received	\$5,851,825
Required Reduction from Future Quarterly Advance	-\$5,851,829

Based upon this information, the State should have deducted \$5,851,829 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.

TRLIA Quarterly Progress Report Real Estate Budget Reconciliation

For Period April / May / June 2008

ELEMENT 1

Elements and Features	State Share Percentage	1st QWP Forecast Total [1]	1 Qtr Expenses [2]			Total State Funding (Through June 30)			Actual Credit Used [4]
			Total	State Share	Local Share	DWR Direct Pay [3]	Local Credit Invoiced [3]	Total	
Formula	a	b	c	d = a*c	e = c - d	f	g	h = f+g	i = h-d
Element 1: Feather River EIP Land Acquisition									
(see real estate Acquisition Plan)									
Feature 1 - Feather Segment 2	[5]	\$32,650,350	\$28,629,465	\$23,712,235	\$4,917,230	\$23,589,597	\$5,021,868	\$28,611,465	\$4,899,230
Feature 1 - Feather Segment 2	[6]	N/A	\$1,377,953	\$1,141,284	\$236,669	\$0	\$0	\$0	-\$1,141,284
Feature 2 - Feather Segment 3		\$72,098	\$0	\$0	\$0	\$0	\$39,040	\$39,040	\$39,040
Subtotal Element 1		\$32,722,448	\$30,007,419	\$24,853,519	\$5,153,899	\$23,589,597	\$5,060,908	\$28,650,505	\$3,796,986
			Difference Between QWP & Actuals						
				\$2,715,029					

QPRElem1

[1] From the April 29, 2008 1st QWP.

[2] From April 25, 2008 through June 30, 2008

[3] From Real Estate Invoices received during 1st Quarter.

[4] Represents payments received in excess of actual state share of costs. This amount is net of the funding paid by TRLIA of State Share of willing participant real estate acquisitions.

[5] This line represents Real Estate expenses paid through direct payment process to date.

[6] This line represents Real Estate expenses directly funded by TRLIA but eligible for funding through the final accounting package process.

Summary of TRLIA Quarterly Progress Report Budget Reconciliation

For Period April / May / June 2008

SUMMARY ALL NON-REAL ESTATE ELEMENTS

Elements and Features	1 Qtr Expenses [2]			State Share To be Funded Net of 10% Holdback	State Funding Rec'd thru June		Balance of State Funding Remaining [5]		
	1st QWP Forecast Total [1]	Total	State		Local	Advance [3]		Credit [4]	
<i>Formula</i>	a	b	c	d - b-c	f	g	h	i=g+h	j = i - f
ALL OTHER ELEMENTS									
Element 2: Segment 2 New Levee	\$11,879,789	\$3,071,866	\$2,544,261	\$527,606	\$2,289,835	\$7,379,539	\$2,040,403	\$9,419,943	\$7,130,108
Element 3: Segment 2 Levee Tie Ins	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Element 4: Segment 2 Levee Degradation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Element 5: Segment 3 Levee Improvement	\$1,242,711	\$3,669,777	\$2,568,844	\$1,100,933	\$2,311,959	\$652,423	\$372,813	\$1,025,237	-\$1,286,723
Element 6: Land Management	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Element 7: Project Management, Legal, Community Relations Support, Land Management, and Overhead	\$204,596	\$228,739	\$174,573	\$54,166	\$157,116	\$117,111	\$48,449	\$165,559	\$8,444
Subtotal Elements 2 through 7	\$13,327,096	\$6,970,382	\$5,287,677	\$1,682,705	\$4,758,910	\$8,149,073	\$2,461,666	\$10,610,739	\$5,851,829

1QPRSumm

[1] From the April 29, 2008 1st QWP.

[2] From April 25, 2008 through June 30, 2008

[3] Includes only Advance Invoice #1

[4] Includes amount funded in cash through established credit. Credit was funded on a per element basis, the credit has been allocated to the individual features on a prorata basis.

[5] Amount represents payments received in excess of actual state share of costs.

TRLIA Quarterly Progress Report Budget Reconciliation

For Period April / May / June 2008

ELEMENT 2

Elements and Features	State Share %	1st QWP Forecast [1] Total	1 Qtr Expenses [2]			State Share To be Funded of 10% Holdback f = d*90%		State Funding Rec'd thru June		Balance of State Funding Remaining [5] j=i - f
			Total	State Share	Local Share	Advance Invoices [3]	Credit Invoices [4]	Total		
Formula	a	b	c	d=c*a	e=c-d	f	g	h	i=g+h	j=i - f
Element 2: Feather River Segment 2 new levee (Excludes Levee Tie Ins and Existing Levee Degradation)										
2.1.1: Design	82.8246%	\$904,890	\$152,861	\$126,606	\$26,254	\$113,946	\$562,104	\$155,419	\$717,522	\$603,577
2.1.2: Permitting	82.8246%	\$184,899	\$454,528	\$376,461	\$78,067	\$338,814	\$114,856	\$31,757	\$146,614	-\$192,201
2.1.3: Right of Way Support	82.8246%	\$480,000	\$101,082	\$83,721	\$17,361	\$75,349	\$298,168	\$82,442	\$380,611	\$305,262
2.2: Construction Management	82.8246%	\$50,000	\$92,540	\$76,646	\$15,894	\$68,981	\$31,059	\$8,588	\$39,647	-\$29,335
2.3 Construction of Setback										
2.3.1: Foundation	82.8246%	\$1,600,000	\$982,396	\$813,666	\$168,731	\$732,299	\$993,895	\$274,807	\$1,268,702	\$536,403
2.3.2: Embankment	82.8246%	\$5,660,000	\$1,282,999	\$1,062,638	\$220,360	\$956,374	\$3,515,904	\$972,129	\$4,488,032	\$3,531,658
2.3.3: Reloc. of PG&E Facilities	82.8246%	\$2,900,000	\$0	\$0	\$0	\$0	\$1,801,435	\$498,087	\$2,299,522	\$2,299,522
2.4: Environmental & Cultural Mitigation										
2.4.1: Mitigation & Restoration	82.8246%	\$100,000	\$5,461	\$4,523	\$938	\$4,071	\$62,118	\$17,175	\$79,294	\$75,223
2.4.2: Cultural Mit./Section 106	82.8246%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.5: O&M Manual	82.8246%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Element 2		\$11,879,789	\$3,071,866	\$2,544,261	\$527,606	\$2,289,835	\$7,379,539	\$2,040,403	\$9,419,943	\$7,130,108
Difference Between QWP & Actuals			\$8,807,923							

"1QPGRItem2"

[1] From the April 29, 2008 1st QWP.

[2] From April 25, 2008 through June 30, 2008

[3] Includes only Advance Invoice #1

[4] Includes amount funded in cash through established credit. Credit was funded on a per element basis, the credit has been allocated to the individual features on a prorata basis.

[5] Amount represents payments received in excess of actual state share of costs.

TRLIA Quarterly Progress Report Budget Reconciliation

For Period April / May / June 2008

ELEMENT 3

Elements and Features	State Share %	1st QWP Forecast [1] Total	1 Qtr Expenses [2]		State Share To be Funded of 10% Holdback f = d*90%	State Funding Rec'd thru June		Balance of State Funding Remaining [5] j=i - f	
			Total	State Share		Local Share	Advance Invoices [3]		Credit Invoices [4]
Formula	a	b	c	d=c*a	e=c-d	g	h	i=g+h	j=i - f
Element 3: Feather River Segment 2 Levee Tie Ins									
3.1.1: Foundation	82.8246%	\$0	\$0	\$0	\$0	\$0	0	\$0	\$0
3.1.2: Embankment	82.8246%	\$0	\$0	\$0	\$0	\$0	0	\$0	\$0
Subtotal Element 3		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Difference Between QWP & Actuals			\$0						

[1] From the April 29, 2008 1st QWP.

[2] From April 25, 2008 through June 30, 2008

[3] Includes only Advance Invoice #1

[4] Includes amount funded in cash through established credit. Credit was funded on a per element basis, the credit has been allocated to the individual features on a prorata basis.

[5] Amount represents payments received in excess of actual state share of costs.

"1QPGRElem3"

TRLIA Quarterly Progress Report Budget Reconciliation

For Period April / May / June 2008

ELEMENT 4

Elements and Features	State Share %	1st QWP Forecast [1] Total	1 Qtr Expenses [2]		State Share To be Funded of 10% Holdback f = d*90%	State Funding Rec'd thru June		Balance of State Funding Remaining [5] j=i - f	
			Total	State Share		Local Share	Advance Invoices [3]		Credit Invoices [4]
Formula	a	b	c	d=c*a	e=c-d	g	h	i=g+h	j=i - f
Element 4: Feather River Segment 2 Levee Degradation									
4.1: Construction	82.8246%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Element 4		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Difference Between QWP & Actuals									
									\$0

"1QPGRElem4"

[1] From the April 29, 2008 1st QWP.
 [2] From April 25, 2008 through June 30, 2008
 [3] Includes only Advance Invoice #1
 [4] Includes amount funded in cash through established credit. Credit was funded on a per element basis, the credit has been allocated to the individual features on a prorata basis.
 [5] Amount represents payments received in excess of actual state share of costs.

TRLIA Quarterly Progress Report Budget Reconciliation

For Period April / May / June 2008

ELEMENT 5

Elements and Features	State Share %	1st QWP Forecast [1] Total	1 Qtr Expenses [2]			State Share To be Funded of 10% Holdback f = d*90%	State Funding Rec'd thru June		Balance of State Funding Remaining [5] j=i-f
			Total	State Share	Local Share		Advance Invoices [3]	Credit Invoices [4]	
Formula	a	b	c	d=c*a	e=c-d	g	h	i=g+h	j=i-f
Element 5: Feather River Segment 3 levee improvement									
5.1.1: Design	70.0000%	\$54,111	\$18,738	\$13,117	\$5,621	\$11,805	\$16,233	\$44,642	\$32,837
5.1.2: Permitting	70.0000%	\$0	\$2,549	\$1,785	\$765	\$1,606	\$0	\$0	-\$1,606
5.1.3: Right of Way Support [4]	70.0000%	\$48,000	\$2,112	\$1,479	\$634	\$1,331	\$14,400	\$39,600	\$38,269
5.2: Construction Management	70.0000%	\$125,600	\$184,601	\$129,221	\$55,380	\$116,298	\$65,940	\$103,620	-\$12,678
5.3 Construction	70.0000%	\$1,015,000	\$3,461,777	\$2,423,244	\$1,038,533	\$2,180,919	\$304,500	\$837,375	-\$1,343,544
5.4: O&M Manual	70.0000%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Element 5		\$1,242,711	\$3,669,777	\$2,568,844	\$1,100,933	\$2,311,959	\$372,813	\$1,025,237	-\$1,286,723
Difference Between QWP & Actuals			-\$2,427,066						

"1QPGRItem5"

[1] From the April 29, 2008 1st QWP.

[2] From April 25, 2008 through June 30, 2008

[3] Includes only Advance Invoice #1

[4] Includes amount funded in cash through established credit. Credit was funded on a per element basis, the credit has been allocated to the individual features on a prorata basis.

[5] Amount represents payments received in excess of actual state share of costs.

TRLIA Quarterly Progress Report Budget Reconciliation

For Period April / May / June 2008

ELEMENT 6

Elements and Features	State Share %	1st QWP Forecast [1] Total	1 Qtr Expenses [2]		State Share To be Funded of 10% Holdback f = d*90%	State Funding Rec'd thru June		Balance of State Funding Remaining [5] j=i - f	
			Total	State Share		Local Share	Advance Invoices [3]		Credit Invoices [4]
Formula	a	b	c	d=c*a	e=c-d	g	h	i=g+h	j=i - f
Element 6: Feather River Land Management									
Feature 6.1: Env. Maintenance	82.8246%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Feature 6.2: Lease Back	82.8246%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Feature 6.3: Land Maintenance	82.8246%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Element 6		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Difference Between QWP & Actuals			\$0						

"1QPGRItem6"

[1] From the April 29, 2008 1st QWP.
 [2] From April 25, 2008 through June 30, 2008
 [3] Includes only Advance Invoice #1
 [4] Includes amount funded in cash through established credit. Credit was funded on a per element basis, the credit has been allocated to the individual features on a prorata basis.
 [5] Amount represents payments received in excess of actual state share of costs.

TRLIA Quarterly Progress Report Budget Reconciliation

For Period April / May / June 2008

ELEMENT 7

Elements and Features	State Share %	1st QWP Forecast [1] Total	1 Qtr Expenses [2]			State Share To be Funded of 10% Holdback f = d*90%	State Funding Rec'd thru June		Balance of State Funding Remaining [5] j=i - f	
			Total	State Share	Local Share		Advance Invoices [3]	Credit Invoices [4]		Total
Formula	a	b	c	d=c*a	e=c-d	f	g	h	i=g+h	j=i - f
Element 7: Project Management, Legal, Community Relations support, Land Management, and Overhead										
Feature 7.1: Salaries	76.3198%	\$69,981	\$49,855	\$38,049	\$11,806	\$34,244	\$40,057	\$16,572	\$56,629	\$22,385
Feature 7.2: Consulting	76.3198%	\$45,898	\$112,169	\$85,607	\$26,562	\$77,047	\$26,272	\$10,869	\$37,141	-\$39,906
Feature 7.3: Legal	76.3198%	\$36,214	\$56,744	\$43,307	\$13,437	\$38,976	\$20,729	\$8,576	\$29,305	-\$9,671
Feature 7.4: Travel	76.3198%	\$702	\$128	\$97	\$30	\$88	\$402	\$166	\$568	\$480
Feature 7.5: General	76.3198%	\$16,840	\$9,843	\$7,512	\$2,331	\$6,761	\$9,639	\$3,988	\$13,627	\$6,866
Feature 7.6: Insurance	76.3198%	\$32,455	\$0	\$0	\$0	\$0	\$18,577	\$7,685	\$26,263	\$26,263
Feature 7.7: Travel/Vehicle	76.3198%	\$1,162	\$0	\$0	\$0	\$0	\$665	\$275	\$940	\$940
Feature 7.8: Memberships	76.3198%	\$1,343	\$0	\$0	\$0	\$0	\$769	\$318	\$1,087	\$1,087
Subtotal Element 7		\$204,596	\$228,739	\$174,573	\$54,166	\$157,116	\$117,111	\$48,449	\$165,559	\$8,444
Difference Between QWP & Actuals			-\$24,143							

"1QPGRItem7"

[1] From the April 29, 2008 1st QWP.

[2] From April 25, 2008 through June 30, 2008

[3] Includes only Advance Invoice #1

[4] Includes amount funded in cash through established credit. Credit was funded on a per element basis, the credit has been allocated to the individual features on a prorata basis.

[5] Amount represents payments received in excess of actual state share of costs.

#2 – COST AND FUNDING STATUS THROUGH THE 1ST QUARTER

The following set of tables present the status of the project as it relates to the Overall Work Plan (Exhibit A to the Funding Agreement). In summary, through June 30th, TRLIA has incurred expenses for the project which represent 31.0% of the total budget for Elements 1 through 7 (\$55.2 million of the \$178.2 million dollar total budget eligible for State Sharing). The State has funded 28.3% of its share of the Overall Budget through the 1st Quarter (\$39.3 million of \$138.51 million).

Following this table set is an analysis of project expenses incurred to date and a discussion regarding proposed adjustments to the Overall Work Plan Budget (Exhibit A) based upon the current remaining budgets after the first quarter's expenses.

Summary of TRLIA Progress Report Overall Funding Status

Cumulative Through June 2008

SUMMARY ALL ELEMENTS

Elements and Features	Overall Budget [1]			Actual Expenses to Date [2]			Remaining Budget			Percentage of	
	Total	State	Local	Total	State	Local	Total	State	Local	Total Budget Expended	State Budget Funded
Formula	a	b	c = a - b	d	e	f = d - e	g = a - d	h = b - e	i = c - f	j = d/a	k
Quarterly Progress Report Reconciliation											
Element 1: Feather River EIP Land Acquisition	\$63,442,649	\$50,031,462	\$13,411,187	\$33,647,076	\$27,868,051	\$5,779,026	\$29,795,573	\$22,163,411	\$7,632,161	53.0%	57.3%
Element 2: Segment 2 New Levee	\$76,129,546	\$60,382,492	\$15,747,054	\$11,254,364	\$9,321,380	\$1,932,984	\$64,875,182	\$51,061,112	\$13,814,070	14.8%	15.6%
Element 3: Segment 2 Levee Tie Ins	\$9,850,252	\$7,752,381	\$2,097,871	\$0	\$0	\$0	\$9,850,252	\$7,752,381	\$2,097,871	0.0%	0.0%
Element 4: Segment 2 Levee Degradation	\$15,996,136	\$11,512,043	\$4,484,093	\$0	\$0	\$0	\$15,996,136	\$11,512,043	\$4,484,093	0.0%	0.0%
Element 5: Segment 3 Levee Improvement	\$9,574,467	\$6,397,090	\$3,177,377	\$8,177,239	\$5,724,067	\$2,453,172	\$1,397,227	\$673,022	\$724,205	85.4%	16.0%
Element 6: Land Management	\$300,000	\$248,474	\$51,526	\$0	\$0	\$0	\$300,000	\$248,474	\$51,526	0.0%	0.0%
Element 7: Project Management, Legal, Community Relations Support, Land Management, and Overhead	\$2,864,340	\$2,186,059	\$678,282	\$2,147,227	\$1,638,759	\$508,468	\$717,113	\$547,299	\$169,814	75.0%	7.6%
Subtotal Elements 1 through 7	\$178,157,390	\$138,510,000	\$39,647,390	\$55,225,907	\$44,552,257	\$10,673,650	\$122,931,483	\$93,957,742	\$28,973,741	31.0%	28.3%

QPR Total Summ

[1] From Overall Work Plan Exhibit A

[2] Total expenses for project through June 30, 2008 including expenses prior to effective date of agreement

[3] Based upon total state funding through June 30, 2008

TRLIA Progress Report Overall Funding Status

Cumulative Through June 2008

ELEMENT 1

Elements and Features	State Share Percentage	Overall Budget		Actual Expenses to Date [1]		Remaining Budget		Percentage of Total Budget Expended	Percentage of State Budget Funded			
		Total	Local	Total	State Share	Total	State Share			Local Share		
Formula	a	b	c	d = b-c	e	f = e*a	g = e-f	h = b-e	i = c-f	j = d-g	k = e/lb	[3] s
Element 1: Feather River EIP Land Acquisition (see real estate Acquisition Plan)												
Feature 1 - Feather Segment 2	82.8246%	\$62,973,227	\$49,702,866	\$13,270,361	\$33,591,305	\$27,821,858	\$5,769,447	\$29,381,922	\$21,881,008	\$7,500,914	53.3%	57.6%
Feature 2 - Feather Segment 3	70.0000%	\$469,422	\$328,595	\$140,827	\$55,772	\$46,193	\$9,579	\$413,650	\$282,403	\$131,248	11.9%	11.9%
Subtotal Element 1		\$63,442,649	\$50,031,462	\$13,411,187	\$33,647,076	\$27,868,051	\$5,779,026	\$29,795,573	\$22,163,411	\$7,632,161	53.0%	57.3%

1QPRTotalElem1

[1] From Overall Work Plan Exhibit A

[2] Total expenses for project through June 30, 2008 including expenses prior to effective date of agreement

[3] Based upon total state funding through June 30, 2008

TRLIA Progress Report Overall Funding Status

Cumulative Through June 2008

ELEMENT 2

Elements and Features	State Share %	Overall Budget [1]			Actual Expenses to Date [2]			Remaining Budget			Percentage of Total Budget Expended	Percentage of State Budget Funded [3]
		Total	State	Local	Total	State Share	Local Share	Total	State Share	Local Share		
Formula	a	b	c	d = b-c	e	f = e*a	g = e-f	h = b-e	i = c-f	j = d-g	k = e/f	l
Element 2: Feather River Segment 2 new levee (Excludes Levee Tie Ins and Existing Levee Degradation)												
2.1.1: Design	82.8246%	\$6,396,466	\$5,212,407	\$1,184,058	\$5,626,924	\$4,660,476	\$966,448	\$769,542	\$551,931	\$217,611	88.0%	13.8%
2.1.2: Permitting	82.8246%	\$1,469,659	\$1,217,239	\$252,420	\$1,908,750	\$1,580,914	\$327,836	-\$439,091	-\$363,675	-\$75,416	129.9%	12.0%
2.1.3: Right of Way Support	82.8246%	\$3,488,380	\$2,774,622	\$713,757	\$1,236,537	\$1,024,156	\$212,380	\$2,251,843	\$1,750,466	\$501,377	35.4%	13.7%
2.2: Construction Management	82.8246%	\$4,496,651	\$3,539,094	\$957,557	\$109,880	\$91,008	\$18,872	\$4,386,771	\$3,448,087	\$938,685	2.4%	1.1%
2.3: Construction of Setback												
2.3.1: Foundation	82.8246%	\$16,859,085	\$13,268,498	\$3,590,587	\$982,396	\$813,666	\$168,731	\$15,876,689	\$12,454,832	\$3,421,856	5.8%	9.6%
2.3.2: Embankment	82.8246%	\$35,549,307	\$27,978,144	\$7,571,163	\$1,334,295	\$1,105,125	\$229,171	\$34,215,012	\$26,873,019	\$7,341,992	3.8%	16.0%
2.3.3: Reloc. of PG&E Facilities	82.8246%	\$3,051,894	\$2,401,913	\$649,981	\$50,000	\$41,412	\$8,588	\$3,001,894	\$2,360,501	\$641,394	1.6%	95.7%
2.4: Environmental & Cultural Mitigation												
2.4.1: Mitigation & Restoration	82.8246%	\$4,300,000	\$3,561,457	\$738,543	\$5,581	\$4,622	\$959	\$4,294,419	\$3,556,835	\$737,584	0.1%	2.2%
2.4.2: Cultural Mit./Section 106	82.8246%	\$350,000	\$289,886	\$60,114	\$0	\$0	\$0	\$350,000	\$289,886	\$60,114	0.0%	0.0%
2.5: O&M Manual	82.8246%	\$168,103	\$139,231	\$28,872	\$0	\$0	\$0	\$168,103	\$139,231	\$28,872	0.0%	0.0%
Subtotal Element 2		\$76,129,546	\$60,382,492	\$15,747,054	\$11,254,364	\$9,321,380	\$1,932,984	\$64,875,182	\$51,061,112	\$13,814,070	14.8%	15.6%

TQPRTotalElem2

[1] From Overall Work Plan Exhibit A

[2] Total expenses for project through June 30, 2008 including expenses prior to effective date of agreement

[3] Based upon total state funding through June 30, 2008

TRLIA Progress Report Overall Funding Status

Cumulative Through June 2008

ELEMENT 3

Elements and Features	State Share %	Overall Budget [1]		Actual Expenses to Date [2]		Remaining Budget		Percentage of Total Budget Expended	Percentage of State Budget Funded [3]		
		Total	State	Local	Total	State	Local			Share	Share
<i>Formula</i>	a	b	c	d = b-c	e	f = e*a	g = e-f	h = b-e	i = c-f	j = d-g	k = e/fb
Element 3: Feather River Segment 2 Levee Tie Ins											
3.1.1: Foundation	82.8246%	\$4,188,462	\$3,296,418	\$892,044	\$0	\$0	\$0	\$4,188,462	\$3,296,418	\$892,044	0.0%
3.1.2: Embankment	82.8246%	\$5,661,790	\$4,455,963	\$1,205,828	\$0	\$0	\$0	\$5,661,790	\$4,455,963	\$1,205,828	0.0%
Subtotal Element 3		\$9,850,252	\$7,752,381	\$2,097,871	\$0	\$0	\$0	\$9,850,252	\$7,752,381	\$2,097,871	0.0%

**TOPRTotalElem3*

[1] From Overall Work Plan Exhibit A

[2] Total expenses for project through June 30, 2008 including expenses prior to effective date of agreement

[3] Based upon total state funding through June 30, 2008

TRLIA Progress Report Overall Funding Status

Cumulative Through June 2008

ELEMENT 4

Elements and Features	Overall Budget [1]			Actual Expenses to Date [2]			Remaining Budget			Percentage of Total Budget Expended	Percentage of State Budget Funded [3]
	State Share %	Total	State	Local	Total	State Share	Local Share	Total	State Share		
Formula	a	b	c	d = b-c	e	f = e*a	g = e-f	h = b-e	i = c-f	j = d-g	k = e/b
Element 4: Feather River Segment 2 Levee Degradation											
4.1: Construction	82.8246%	\$15,996,136	\$11,512,043	\$4,484,093	\$0	\$0	\$0	\$15,996,136	\$11,512,043	\$4,484,093	0.0%
Subtotal Element 4		\$15,996,136	\$11,512,043	\$4,484,093	\$0	\$0	\$0	\$15,996,136	\$11,512,043	\$4,484,093	0.0%

1QPRTotalElem4

[1] From Overall Work Plan Exhibit A
 [2] Total expenses for project through June 30, 2008 including expenses prior to effective date of agreement
 [3] Based upon total state funding through June 30, 2008

TRLIA Progress Report Overall Funding Status

Cumulative Through June 2008

ELEMENT 5

Elements and Features	Overall Budget [1]			Actual Expenses to Date [2]			Remaining Budget			Percentage of Total Budget Expended	Percentage of State Budget Funded [3]	
	State Share %	Total	Local	State Share	Total	Local Share	State Share	Total	Local Share			
Formula	a	b	c	d = b-c	e	f = e*a	g = e-f	h = b-e	i = c-f	j = d-g	k = e/b	l
Element 5: Feather River Segment 3 levee improvement												
5.1.1: Design	70.0000%	\$962,330	\$640,104	\$322,226	\$850,307	\$595,215	\$255,092	\$112,023	\$44,889	\$67,134	88.4%	7.0%
5.1.2: Permitting	70.0000%	\$251,398	\$175,978	\$75,419	\$132,726	\$92,908	\$39,818	\$118,671	\$83,070	\$35,601	52.8%	0.0%
5.1.3: Right of Way Support [4]	70.0000%	\$287,821	\$124,695	\$163,126	\$196,968	\$137,878	\$59,090	\$90,852	-\$13,183	\$104,035	68.4%	31.8%
5.2: Construction Management	70.0000%	\$940,902	\$637,476	\$303,426	\$810,815	\$567,571	\$243,245	\$130,086	\$69,905	\$60,181	86.2%	16.3%
5.3 Construction	70.0000%	\$7,047,965	\$4,760,000	\$2,287,965	\$6,186,422	\$4,330,495	\$1,855,927	\$861,543	\$429,505	\$432,038	87.8%	17.6%
5.4: O&M Manual	70.0000%	\$84,052	\$58,836	\$25,216	\$0	\$0	\$0	\$84,052	\$58,836	\$25,216	0.0%	0.0%
Subtotal Element 5		\$9,574,467	\$6,397,090	\$3,177,377	\$8,177,239	\$5,724,067	\$2,453,172	\$1,397,227	\$673,022	\$724,205	85.4%	16.0%

1QPRTotalElem5

[1] From Overall Work Plan Exhibit A

[2] Total expenses for project through June 30, 2008 including expenses prior to effective date of agreement

[3] Based upon total state funding through June 30, 2008

TRLIA Progress Report Overall Funding Status

Cumulative Through June 2008

ELEMENT 6

Elements and Features	State Share %	Overall Budget [1]			Actual Expenses to Date [2]			Remaining Budget			Percentage of Total Budget Expended	Percentage of State Budget Funded [3]
		Total	State	Local	Total	State	Local	Total	State	Local		
<i>Formula</i>	<i>a</i>	<i>b</i>	<i>c</i>	<i>d = b-c</i>	<i>e</i>	<i>f = e*a</i>	<i>g = e-f</i>	<i>h = b-e</i>	<i>i = c-f</i>	<i>j = d-g</i>	<i>k = e/fb</i>	<i>l</i>
Element 6: Feather River Land Management												
Feature 6.1: Env. Maintenance	82.8246%	\$100,000	\$82,825	\$17,175	\$0	\$0	\$0	\$100,000	\$82,825	\$17,175	0.0%	0.0%
Feature 6.2: Lease Back	82.8246%	\$50,000	\$41,412	\$8,588	\$0	\$0	\$0	\$50,000	\$41,412	\$8,588	0.0%	0.0%
Feature 6.3: Land Maintenance	82.8246%	\$150,000	\$124,237	\$25,763	\$0	\$0	\$0	\$150,000	\$124,237	\$25,763	0.0%	0.0%
Subtotal Element 6		\$300,000	\$248,474	\$51,526	\$0	\$0	\$0	\$300,000	\$248,474	\$51,526	0.0%	0.0%

"1QPRTotalElem6"

[1] From Overall Work Plan Exhibit A

[2] Total expenses for project through June 30, 2008 including expenses prior to effective date of agreement

[3] Based upon total state funding through June 30, 2008

TRLIA Progress Report Overall Funding Status

Cumulative Through June 2008

ELEMENT 7

Elements and Features	State Share %	Overall Budget [1]		Actual Expenses to Date [2]		Remaining Budget			Percentage of Total Budget Expended	Percentage of State Budget Funded [3]	
		Total	State	Local	Total	State	Local	Share			
Formula	a	b	c	d = b-c	e	f = e*a	g = e-f	h = b-e	i = c-f	j = d-g	k = e/f
Element 7: Project Management, Legal, Community Relations support, Land Management, and Overhead											
Feature 7.1: Salaries	76.3198%	\$979,737	\$747,734	\$232,004	\$539,534	\$411,771	\$127,763	\$440,204	\$335,963	\$104,241	55.1%
Feature 7.2: Consulting	76.3198%	\$642,571	\$490,409	\$152,162	\$717,459	\$547,563	\$169,896	-\$74,888	-\$57,155	-\$17,734	111.7%
Feature 7.3: Legal	76.3198%	\$506,997	\$386,939	\$120,058	\$556,382	\$424,630	\$131,752	-\$49,385	-\$37,691	-\$11,694	109.7%
Feature 7.4: Travel	76.3198%	\$9,827	\$7,500	\$2,327	\$5,281	\$4,030	\$1,251	\$4,546	\$3,470	\$1,077	53.7%
Feature 7.5: General	76.3198%	\$235,756	\$179,928	\$55,828	\$89,664	\$68,432	\$21,233	\$146,092	\$111,497	\$34,595	38.0%
Feature 7.6: Insurance	76.3198%	\$454,375	\$346,778	\$107,597	\$228,215	\$174,173	\$54,042	\$226,160	\$172,605	\$53,555	50.2%
Feature 7.7: Travel/Vehicle	76.3198%	\$16,273	\$12,419	\$3,853	\$8,164	\$6,230	\$1,933	\$8,109	\$6,189	\$1,920	50.2%
Feature 7.8: Memberships	76.3198%	\$18,804	\$14,351	\$4,453	\$2,528	\$1,930	\$599	\$16,275	\$12,421	\$3,854	13.4%
Subtotal Element 7		\$2,864,340	\$2,186,059	\$678,282	\$2,147,227	\$1,638,759	\$508,468	\$717,113	\$547,299	\$169,814	75.0%

1QPRTotal/Elem7

[1] From Overall Work Plan Exhibit A

[2] Total expenses for project through June 30, 2008 including expenses prior to effective date of agreement

[3] Based upon total state funding through June 30, 2008

ANALYSIS OF PROJECT EXPENSES INCURRED TO DATE

Through examination of the prior tables, TRLIA has concluded that there are four areas of adjustment needed to the Overall Budget. These areas relate to the budgets expended thus far and status of the specific feature's completion relative to the project. They are as follows;

Element 2 Feature 1.2 –Permitting

As of June 30, 2008, TRLIA has expended \$439,091 in excess of the Overall Work Plan Budget for the feature. TRLIA proposes to shift project budget from another element and feature to fund these additional costs.

Element 5 Feature 1.3 –Right of Way Support

TRLIA has incurred expenses and submitted \$13,183 of expenses to the State for sharing in excess of the State Share for the Feature included within the Overall Work Plan Budget. The State Share of costs for this Feature was reduced due to the exclusion of certain expenses at the time of TRLIA eligibility determination for the grant funding. The Total Overall Work Plan budget, however, includes these ineligible costs and shows that they will be funded from the Local Share of funds. Since the State Share of costs funded to date are in excess of the State Share's budget, TRLIA proposes to shift the State Share of budget from another element and feature to fund these additional costs.

Element 5 Feature 3 –Construction

As discussed in TRLIA's First QPR, Segment 3 construction has experience delays and resulting change orders from the contractor. As indicated in the QPR the two change orders totaled \$453,450 (Change Order 4a for \$417,450 for fuel and contract extension time and Change Order 4b for \$36,000 for labor and phasing cost increases for delay). The QPR indicated that these cost increases will be covered from project contingencies and budget adjustments between elements and features.

Element 7 All Features

TRLIA has invoiced to the State 75.0% of this Element's Total Budget in the first quarter. In certain features (2 & 3, Consulting & Legal respectively) TRLIA has exceed the Overall Work Plan Budget as of the 1st Quarter. TRLIA proposes to shift project budget from another element and feature to increase the budget for this entire element.

OVERALL WORK PLAN BUDGET ADJUSTMENTS

TRLIA has prepared the attached tables which present a proposed revision to the Overall Work Plan Budget that addresses the budget concerns outlined above. TRLIA has maintained the Total, Local, and State Share Budgets within the Overall Work Plan Budget.

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.

TRLIA Overall Work Plan Budget Modifications

Project Elements and Features	Original Budget			Budget Modification			Revised Budget		
	State	Local	Total	State	Local	Total	State	Local	Total
	Budget (\$)	Budget (\$)	Budget (\$)	Budget (\$)	Budget (\$)	Budget (\$)	Budget (\$)	Budget (\$)	Budget (\$)
Element 1: Feather River EIP Land Acquisition (see real estate Acquisition Plan)									
Feature 2 - Feather Segment 2	\$49,702,866	\$13,270,361	\$62,973,227	-\$1,341,776	-\$387,674	-\$1,729,450	\$48,361,090	\$12,882,687	\$61,243,777
Feature 3 - Feather Segment 3	\$328,595	\$140,827	\$469,422	\$0	\$0	\$0	\$328,595	\$140,827	\$469,422
Subtotal Element 1	\$50,031,462	\$13,411,187	\$63,442,649	-\$1,341,776	-\$387,674	-\$1,729,450	\$48,689,685	\$13,023,514	\$61,713,199
Element 2: Feather River Segment 2 new levee (Excludes Levee Tie Ins and Existing Levee Degradation)									
Feature 1.1 - Design	\$5,212,407	\$1,184,058	\$6,396,466	\$0	\$0	\$0	\$5,212,407	\$1,184,058	\$6,396,466
Feature 1.2 - Permitting	\$1,217,239	\$252,420	\$1,469,659	\$414,123	\$85,877	\$500,000	\$1,631,362	\$338,297	\$1,969,659
Feature 1.3 - ROW Support	\$2,774,622	\$713,757	\$3,488,380	\$0	\$0	\$0	\$2,774,622	\$713,757	\$3,488,380
Feature 2 - Construction Management	\$3,539,094	\$957,557	\$4,496,651	\$0	\$0	\$0	\$3,539,094	\$957,557	\$4,496,651
Feature 3.1 - Foundation Construction	\$13,268,498	\$3,590,587	\$16,859,085	\$0	\$0	\$0	\$13,268,498	\$3,590,587	\$16,859,085
Feature 3.2 - Embankment Construction	\$27,978,144	\$7,571,163	\$35,549,307	\$0	\$0	\$0	\$27,978,144	\$7,571,163	\$35,549,307
Feature 3.3 - PG&E Relocation	\$2,401,913	\$649,981	\$3,051,894	\$0	\$0	\$0	\$2,401,913	\$649,981	\$3,051,894
Feature 4.1 - Environmental Mitigation	\$3,561,457	\$738,543	\$4,300,000	\$0	\$0	\$0	\$3,561,457	\$738,543	\$4,300,000
Feature 4.2 - Cultural Mitigation	\$289,886	\$60,114	\$350,000	\$0	\$0	\$0	\$289,886	\$60,114	\$350,000
Feature 5 - O&M Segment 2	\$139,231	\$28,872	\$168,103	\$0	\$0	\$0	\$139,231	\$28,872	\$168,103
Subtotal Element 2	\$60,382,492	\$15,747,054	\$76,129,546	\$414,123	\$85,877	\$500,000	\$60,796,615	\$15,832,931	\$76,629,546
Element 3: Feather River Segment 2 Levee Tie Ins									
Feature 1.1 - Foundation Construction	\$3,296,418	\$892,044	\$4,188,462	\$0	\$0	\$0	\$3,296,418	\$892,044	\$4,188,462
Feature 1.2 - Embankment Construction	\$4,455,963	\$1,205,828	\$5,661,790	\$0	\$0	\$0	\$4,455,963	\$1,205,828	\$5,661,790
Subtotal Element 3	\$7,752,381	\$2,097,871	\$9,850,252	\$0	\$0	\$0	\$7,752,381	\$2,097,871	\$9,850,252
Element 4: Feather River Segment 2 Levee Degradation									
Feature 1 - Existing Levee Degradation	\$11,512,043	\$4,484,093	\$15,996,136	\$0	\$0	\$0	\$11,512,043	\$4,484,093	\$15,996,136
Subtotal Element 4	\$11,512,043	\$4,484,093	\$15,996,136	\$0	\$0	\$0	\$11,512,043	\$4,484,093	\$15,996,136

TRLIA Overall Work Plan Budget Modifications

Project Elements and Features	Original Budget			Budget Modification			Revised Budget		
	State Budget (\$)	Local Budget (\$)	Total Budget (\$)	State Budget (\$)	Local Budget (\$)	Total Budget (\$)	State Budget (\$)	Local Budget (\$)	Total Budget (\$)
Element 5: Feather River Segment 3 levee improvement									
Feature 1.1 - Design	\$640,104	\$322,226	\$962,330	\$0	\$0	\$0	\$640,104	\$322,226	\$962,330
Feature 1.2 - Permitting	\$175,978	\$75,419	\$251,398	\$0	\$0	\$0	\$175,978	\$75,419	\$251,398
Feature 1.3 - ROW Support	\$124,695	\$163,126	\$287,821	\$76,000	\$0	\$76,000	\$200,695	\$163,126	\$363,821
Feature 2 - Construction Management.	\$637,476	\$303,426	\$940,902	\$0	\$0	\$0	\$637,476	\$303,426	\$940,902
Feature 3 - Construction	\$4,760,000	\$2,287,965	\$7,047,965	\$317,415	\$136,035	\$453,450	\$5,077,415	\$2,424,000	\$7,501,415
Feature 4 - O&M manual	\$58,836	\$25,216	\$84,052	\$0	\$0	\$0	\$58,836	\$25,216	\$84,052
Subtotal Element 5	\$6,397,090	\$3,177,377	\$9,574,467	\$393,415	\$136,035	\$529,450	\$6,790,505	\$3,313,412	\$10,103,917
Element 6: Feather River Land Management									
Feature 1 - Environmental Restoration Activities	\$82,825	\$17,175	\$100,000	\$0	\$0	\$0	\$82,825	\$17,175	\$100,000
Feature 2 - Lease Back activities	\$41,412	\$8,588	\$50,000	\$0	\$0	\$0	\$41,412	\$8,588	\$50,000
Feature 3 - Operation And Maintenance	\$124,237	\$25,763	\$150,000	\$0	\$0	\$0	\$124,237	\$25,763	\$150,000
Subtotal Element 6	\$248,474	\$51,526	\$300,000	\$0	\$0	\$0	\$248,474	\$51,526	\$300,000
Element 7: Project Management, legal support, community relations support, land management support, and overhead									
Feature 1 - TRLIA Salaries/Benefits	\$747,734	\$232,004	\$979,737	\$0	\$0	\$0	\$747,734	\$232,004	\$979,737
Feature 2 - TRLIA Consultant Exp.	\$490,409	\$152,162	\$642,571	\$305,279	\$94,721	\$400,000	\$795,688	\$246,883	\$1,042,571
Feature 3 - TRLIA Legal Support	\$386,939	\$120,058	\$506,997	\$228,959	\$71,041	\$300,000	\$615,898	\$191,099	\$806,997
Feature 4 - TRLIA Travel Expenses	\$7,500	\$2,327	\$9,827	\$0	\$0	\$0	\$7,500	\$2,327	\$9,827
Feature 5 - TRLIA General Expenses	\$179,928	\$55,828	\$235,756	\$0	\$0	\$0	\$179,928	\$55,828	\$235,756
Feature 6 - TRLIA Insurance	\$346,778	\$107,597	\$454,375	\$0	\$0	\$0	\$346,778	\$107,597	\$454,375
Feature 7 - TRLIA Travel	\$12,419	\$3,853	\$16,273	\$0	\$0	\$0	\$12,419	\$3,853	\$16,273
Feature 8 - TRLIA Memberships	\$14,351	\$4,453	\$18,804	\$0	\$0	\$0	\$14,351	\$4,453	\$18,804
Subtotal Element 7	\$2,186,059	\$678,282	\$2,864,340	\$534,239	\$165,761	\$700,000	\$2,720,297	\$844,043	\$3,564,340
TOTAL ALL ELEMENTS	\$138,510,000	\$39,647,390	\$178,157,390	\$0	\$0	\$0	\$138,510,000	\$39,647,390	\$178,157,390

"revisedbudget"

ASSOCIATED PROJECT ELEMENTS

TRLIA has reviewed the Associated Element Budgets and expenses incurred through June 30th and provided the following table to show the funding and budget status of this work. At this time, TRLIA's expenses are within the Overall Work Plan Budget. TRLIA is currently continuing to incur expenses and move forward with this work. TRLIA does expect, in the future, to incur expenses in excess of the current budget due to change orders. TRLIA will address this additional expense within locally funded project contingencies and provide additional detail at a later date.

Summary of TRLIA Quarterly Progress Report Budget Reconciliation

Cumulative Through June 2008

ASSOCIATED ELEMENTS

Elements and Features	State Share Percentage	Overall Budget	Actual Expenses to Date [2]	Remaining Budget	% of Total Budget Remaining	Quarterly Forecast	Actual Quarterly Expenses	Difference
<i>Formula</i>	a	b	c	d = b - c	e = d / b	f	g	h = f - g
Associated Element 1: Feather River EIP Land Acquisition								
Feature 1 - Feather Segment 1	0.0000%	\$572,106	\$87,403	\$484,703	85%	\$495,364	\$19,220	\$476,144
Subtotal Associated Element 1		\$572,106	\$87,403	\$484,703	85%	\$495,364	\$19,220	\$476,144
Associated Element 2: Feather River Segment 1 levee improvement								
Feature 1.1 - Design	0.0000%	\$1,266,552	\$1,072,567	\$193,985	15%	\$160,535	\$15,252	\$145,283
Feature 1.2 - Permitting	0.0000%	\$323,086	\$163,574	\$159,512	49%	\$155,520	\$2,549	\$152,971
Feature 1.3 - ROW Support	0.0000%	\$223,098	\$210,258	\$12,841	6%	\$32,275	\$21,091	\$11,184
Feature 2 - Construction Mgt.	0.0000%	\$1,417,557	\$149,946	\$1,267,611	89%	\$305,000	\$146,721	\$158,279
Feature 3 - Construction	0.0000%	\$9,366,159	\$1,166,623	\$8,199,536	88%	\$1,500,000	\$1,166,623	\$333,377
Feature 4 - O&M Segment 1	0.0000%	\$84,052	\$0	\$84,052	100%	\$0	\$0	\$0
Subtotal Associated Element 2		\$12,680,504	\$2,762,968	\$9,917,536	78%	\$2,153,330	\$1,352,236	\$801,094
Subtotal Associated Elements		\$13,252,610	\$2,850,371	\$10,402,239	78%	\$2,648,694	\$1,371,456	\$1,277,238

"1QDRAssocElem"