



THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

1114 Yuba Street, Suite 218

Marysville, CA 95901

Office (530) 749-7841 Fax (530) 749-6990

February 28, 2013

Kent Zenobia, Chief
Early Implementation Program
Department of Water Resources
3310 El Camino Ave., Room 180
Sacramento, CA 95821-9000

Re: TRLIA Feather River Levee Improvement Project 19th Quarterly Progress Report (QPR) and financial report, dated February 27, 2013 and Statement of Costs, dated February 27, 2013

Attached is the 19th QPR and financial report for the time period of October 1, 2012 to December 31, 2012, dated February 27, 2013. Also included for your review is a Final Statement of Costs and detailed listing of invoices for the 19th Quarter, dated February 27, 2013. The electronic versions of these documents are posted on the TRLIA FTP site along with electronic copies of the statement of costs paid for the quarter.

The following issues are identified in the report:

- Issue 1: Segment 1 Crack (Project Element 9A) monitoring (e.g. inclinometers) continues at expense to both TRLIA and RD784. The recent monitoring report identifies minimal movement in the inclinometers. On October 20, 2011 TRLIA asked CVFPB to reduce the monitoring from monthly to quarterly and after any large flood events. While some movement is still discernible, it is very small and the section is considered stable by TRLIA. The CVFPB has refused to reduce the requirements.

Recommended Resolution: DWR intercede with the CVFPB staff and work out a solution agreeable to all parties.

- Issue 2: Construction of the Feather River Segment 3 (Project Element 5) landside access corridor fence is impacted by the need to transplant elderberry shrubs. Currently, TRLIA does not have a federal nexus (Section 7) with FWS to quickly obtain the necessary Biological Opinion requirements for the transplanting.

Recommend Resolution: DWR support TRLIA's and CVFPB request to the USACE to be allowed to transplant elderberries this year during the dormant season. (This issue was resolved in late February 2013 (20th quarter).

- Issue 3: During the 18th quarter TRLIA requested DWR allow TRLIA to extend leases 1 to 7 for a long term (20 to 30 years) to provide farmers the ability to plan future maintenance and replacement investments for the leased orchards. DWR is considering this request and may be agreeable, but for a shorter time period. This item is now critical because the leases begin to expire in 2013. Farmers need to know if they will be able to use the orchards for the next harvest season!

Recommend Resolution: DWR agree to extend the leases for an extended time period; a minimum of 5 years; preferably at least 10 to 15 years.

- Issue 4: Retention - on January 3, 2013, TRLIA requested an Additional Release of Retention held by DWR on the State Cost Share for the Project. The State has not responded to this request. The State continues to withhold in excess of \$3,000,000 of State cost sharing on expenses incurred through the 18th Quarter (September 30, 2012). TRLIA continues to incur costs on the project adding to the amount of retention held. TRLIA expects that there is less than \$5,000,000 of costs remaining to complete the project. Given this fact, the State is effectively withholding well over 50% of the remaining costs of the project which is in excess of any reasonable amount of retention needed to ensure the completion of the project. Within TRLIA's January 3rd request, TRLIA demonstrated that it has provided documentation satisfying the funding agreement's criteria for the release retention.

Recommend Resolution: DWR should process the requested retention release requested by TRLIA as soon as possible.

- Issue 5: Finalizing the Final Accounting Packages (FAPs) for both Features 1 and 2 is a critical item to complete so that TRLIA can transfer the property to the State. The state cadastral requirements have become an issue for the Feather FAPs. In the 19th quarter, TRLIA surveyor (Kevin Heeney/CTA) met with state cadastral staff (Bob Chesner) and came up with a method for the Feather FAPs to be modified to comply with state cadastral requirements. The process is described in Mr. Heeney's attached memo (attachment 6). This issue is still unresolved as this quarterly work plan is being prepared. Agreement on cadastral approach needs to be reached by the 21st quarter so that the FAFs can be completed and land transferred to the state.

Recommend Resolution: DWR agree with approach outlined in Mr. Heeney's memo, attachment 6 of report.

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: 19th QPR and financial report, dated February 27, 2013 (2 copies)
Final Statement of Costs for 19th Quarter, dated February 27, 2013

cc: Michael Sabbaghian/DWR
Fucciolo, Kelly/DWR
Liz Bryson/DWR
Seth Wurzel/TRLIA
Ric Reinhardt – Larry Dacus/TRLIA